
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in **China Jinmao Holdings Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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China Jinmao Holdings Group Limited

中國金茂控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00817)

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENTS

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 6 to 26 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 27 to 28 of this circular. A letter from Opus Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 29 to 58 of this circular.

A notice convening the EGM to be held at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong on Friday, 23 December 2022 at 10:00 a.m. is set out on pages 71 to 73 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Please see page ii of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the EGM, including:

- compulsory body temperature checks
- scanning of the "LeaveHomeSafe" venue QR code
- wearing of surgical face masks
- no distribution of corporate gift or refreshment

Any person who (a) does not comply with the above precautionary measures, (b) is subject to quarantine prescribed by the Hong Kong Government, (c) has any flu-like symptom, or (d) has close contact with any person under quarantine may be denied entry into the EGM venue. The Company reminds Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person.

7 December 2022

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PRECAUTIONARY MEASURES FOR THE EGM

The health of our Shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue.
- (ii) Each attendee is required to scan the “LeaveHomeSafe” venue QR code prior to entry into the EGM venue.
- (iii) Each attendee is required to wear a surgical face mask at all times (including queuing for registration outside the EGM venue and inside the EGM venue throughout the entire meeting) and to maintain a safe distance between seats.
- (iv) No refreshment will be served, and there will be no corporate gift.

Any person who (a) does not comply with the above precautionary measures, (b) is subject to quarantine prescribed by the Hong Kong Government, (c) has any flu-like symptom, or (d) has close contact with any person under quarantine may be denied entry into the EGM venue. The Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM instead of attending the EGM in person, by completing and returning the form of proxy attached to this circular.

If any Shareholder chooses not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to our registered office or to our email chinajinmao_IR@sinochem.com.

If any Shareholder has any question relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Company’s share registrar as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen’s Road East, Wan Chai, Hong Kong
Tel: 2862 8555
Fax: 2865 0990
Website: www.computershare.com/hk/contact

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the meanings respectively set opposite to them:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CBIRC”	the China Banking and Insurance Regulatory Commission
“Company”	China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong on Friday, 23 December 2022 at 10:00 a.m.
“Existing Ping An Financial Services Framework Agreement”	the financial services framework agreement dated 18 March 2020 entered into between the Company and certain subsidiaries of Ping An, which will expire on 31 December 2022
“Existing Sinochem Financial Services Framework Agreement”	the financial services framework agreement dated 7 July 2020 entered into between the Company and Sinochem Finance, which will expire on 31 December 2022
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors, namely Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei, formed to advise the Independent Shareholders in respect of (i) the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement, and (ii) the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM, i.e. Shareholders other than Sinochem Holdings and its associates for the purpose of approving the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement; and Shareholders other than Ping An and its associates for the purpose of approving the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement
“Latest Practicable Date”	1 December 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Opus Capital” or “Independent Financial Adviser”	Opus Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement, and (ii) the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement
“PBOC”	the People’s Bank of China, the central bank of the PRC
“Ping An”	Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), a company established in the PRC with limited liability, the A shares (stock code: 601318) and H shares (stock code: 2318) of which are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively
“Ping An Annuity”	Ping An Annuity Insurance Company of China, Ltd. (平安養老保險股份有限公司), a company established in the PRC with limited liability, and a subsidiary of Ping An
“Ping An Asset Management”	Ping An Asset Management Co., Ltd. (平安資產管理有限責任公司), a company established in the PRC with limited liability, and a subsidiary of Ping An
“Ping An Bank”	Ping An Bank Co., Ltd. (平安銀行股份有限公司), a company established in the PRC with limited liability, and a subsidiary of Ping An, the shares of which are listed on the Shenzhen Stock Exchange
“Ping An Member Companies”	Ping An Bank, Ping An Wealth Management, Pingyu Factoring, Ping An Property & Casualty, Ping An Annuity, Ping An Real Estate and Ping An Asset Management

DEFINITIONS

“Ping An Property & Casualty”	Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), a company established in the PRC with limited liability, and a subsidiary of Ping An
“Ping An Real Estate”	Ping An Real Estate Co., Ltd. (平安不動產有限公司), a company established in the PRC with limited liability, and a subsidiary of Ping An
“Ping An Wealth Management”	Ping An Wealth Management Co., Ltd. (平安理財有限責任公司), a company established in the PRC with limited liability, and a subsidiary of Ping An
“Pingyu Factoring”	Shenzhen Qianhai Pingyu Commercial Factoring Co., Ltd. (深圳市前海平裕商業保理有限公司), a company established in the PRC with limited liability, and a subsidiary of Ping An
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Renewed Ping An Financial Services Framework Agreement”	the financial services framework agreement dated 16 November 2022 entered into between the Company and Ping An Member Companies
“Renewed Sinochem Financial Services Framework Agreement”	the financial services framework agreement dated 16 November 2022 entered into between the Company and Sinochem Finance
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Sinochem Corporation”	Sinochem Corporation (中國中化股份有限公司), a company with limited liability established under the laws of the PRC, and an indirect wholly-owned subsidiary of Sinochem Holdings
“Sinochem Finance”	Sinochem Finance Co., Ltd. (中化集團財務有限責任公司), a company with limited liability established under the laws of the PRC, and a subsidiary of Sinochem Corporation
“Sinochem Holdings”	Sinochem Holdings Corporation Ltd. (中國中化控股有限責任公司), a state-owned enterprise established in the PRC, which is wholly owned by the SASAC
“Sinochem Hong Kong”	Sinochem Hong Kong (Group) Company Limited (中化香港(集團)有限公司), a company incorporated in Hong Kong with limited liability, the immediate controlling shareholder of the Company holding approximately 36.40% of the total number of issued Shares, and an indirect subsidiary of Sinochem Holdings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollar, the lawful currency of the United States
“%”	per cent



China Jinmao Holdings Group Limited

中國金茂控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00817)

Non-executive Directors

Mr. LI Fanrong (*Chairman*)

Mr. LI Fuli

Mr. AN Hongjun

Mr. CHENG Yong

Mr. CHEN Chuan

Registered Office

Rooms 4702-03, 47th Floor

Office Tower

Convention Plaza

No. 1 Harbour Road

Wanchai

Hong Kong

Executive Directors

Mr. LI Congrui (*Chief Executive Officer*)

Mr. JIANG Nan (*Chief Financial Officer*)

Mr. SONG Liuyi (*Senior Vice President*)

Independent Non-executive Directors

Mr. SU Xijia

Mr. SUEN Man Tak

Mr. GAO Shibin

Mr. ZHONG Wei

7 December 2022

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS AND
MAJOR TRANSACTIONS UNDER THE FINANCIAL SERVICES
FRAMEWORK AGREEMENTS**

INTRODUCTION

Reference is made to the announcement of the Company dated 16 November 2022 in relation to (i) the Renewed Sinochem Financial Services Framework Agreement entered into between the Company and Sinochem Finance, and (ii) the Renewed Ping An Financial Services Framework Agreement entered into between the Company and Ping An Member Companies. Pursuant to such agreements, the Group will continue to utilize the financial services available from Sinochem Finance and Ping An Member Companies, which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and notifiable transactions of the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) further information on the details of the Renewed Sinochem Financial Services Framework Agreement and the transactions contemplated thereunder, (ii) further information on the details of the Renewed Ping An Financial Services Framework Agreement and the transactions contemplated thereunder, (iii) the letter from the Independent Board Committee to the Independent Shareholders; (iv) the letter from Opus Capital to the Independent Board Committee and the Independent Shareholders; and (v) other information as required under the Listing Rules.

TRANSACTIONS UNDER THE RENEWED SINOCHEM FINANCIAL SERVICES FRAMEWORK AGREEMENT

Reference is made to the Existing Sinochem Financial Services Framework Agreement entered into between the Company and Sinochem Finance which will expire on 31 December 2022. On 16 November 2022, the Company and Sinochem Finance entered into the Renewed Sinochem Financial Services Framework Agreement, pursuant to which the Group will continue to utilize the financial services available from Sinochem Finance on a non-exclusive basis as it deems necessary for a period up to 31 December 2025.

Principal terms of the Renewed Sinochem Financial Services Framework Agreement are set out below:

Date:	16 November 2022
Parties:	The Company and Sinochem Finance
Provisions:	<p>The Group will, from time to time, utilize the financial services available from Sinochem Finance on a non-exclusive basis as it deems necessary. Such services include:</p> <ul style="list-style-type: none">(a) providing deposit services to the Group, including but not limited to demand deposits, call deposits and term deposits;(b) providing loans to the Group (excluding entrustment loans) on normal commercial terms where no mortgage, pledge or other security over the assets of the Group will be required;(c) arranging entrustment loans for the Group as a financial agent through which funds of one member of the Group may be channeled for use by another member of the Group;(d) providing settlement services to the Group;(e) providing guarantees at the request of the Group for financing, lease financing, bidding activities or performing other contractual obligations where no counter-guarantee will be required;

LETTER FROM THE BOARD

- (f) providing non-financing factoring services to the Group, including supply chain factoring services and relevant management and consultancy services;
- (g) providing internet banking services to the Group; and
- (h) providing any other financial services as approved by the CBIRC to the Group, including but not limited to notes services and other services.

Term: The Renewed Sinochem Financial Services Framework Agreement shall take effect from 1 January 2023 and expire on 31 December 2025, provided that the deposit services under the Renewed Sinochem Financial Services Framework Agreement shall become effective after the approval from the Independent Shareholders is obtained.

Fees and charges: Fees and charges payable to Sinochem Finance under the Renewed Sinochem Financial Services Framework Agreement are determined on the following basis:

- when providing the deposit services, subject to compliance with regulatory requirements, interest rates shall not be lower than the benchmark interest rates for deposits of the same type and duration as promulgated by the PBOC from time to time, or the interest rates for deposits of the same type and duration as offered by independent commercial banks in the PRC, whichever is higher;
- when providing loans, interest rates shall not be higher than the interest rates offered by independent commercial banks in the PRC under the same conditions;
- when arranging entrustment loans, the service fees together with the loan interests shall not be higher than the service fees and interests in respect of an entrustment loan of the same duration offered by independent commercial banks in the PRC under the same conditions;
- when providing settlement services, no service fees will be charged; and
- when providing any other financial services, the fees so charged shall not be higher than the rates offered by independent financial institutions of the same type in the PRC under the same conditions, or, if applicable, the standard rates promulgated by the PBOC from time to time, whichever is lower.

LETTER FROM THE BOARD

- Right of set-off: In the event that the Group fails to recover any amount it deposits with Sinochem Finance, the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by the Group.
- Daily balance: The average daily balance per year of the loans (which will be calculated according to the calendar year, and if the period is for less than a year, it will be calculated according to the number of days from 1 January of the year) the Group obtains from Sinochem Finance and Sinochem Holdings' other member units shall be higher than the average daily balance per year of the deposits the Group places with Sinochem Finance.
- Undertakings: Sinochem Finance undertakes that:
- (i) it will apply all the monies deposited by the Group to such activities as approved by the CBIRC in accordance with the relevant laws and regulations of the PRC;
 - (ii) at all times the sum of the outstanding amount of the loans it provides to Sinochem Holdings' member units (exclusive of the Group) shall not exceed the sum of Sinochem Finance's equity capital, reserve and the deposits received from parties other than the Group;
 - (iii) it will notify the Company immediately in the event of any change in its credit ratings;
 - (iv) it will provide its financial statements to the Company on a monthly basis; and
 - (v) it will deliver to the Company a monthly report on the status of deposits, loans and other transactions between the Group and Sinochem Finance.

TRANSACTIONS UNDER THE RENEWED PING AN FINANCIAL SERVICES FRAMEWORK AGREEMENT

Reference is made to the Existing Ping An Financial Services Framework Agreement entered into between the Company and certain subsidiaries of Ping An which will expire on 31 December 2022. On 16 November 2022, the Company and Ping An Member Companies entered into the Renewed Ping An Financial Services Framework Agreement, pursuant to which the Group will continue to utilize the financial services available from Ping An Member Companies on a non-exclusive basis as it deems necessary for a period up to 31 December 2025.

LETTER FROM THE BOARD

Principal terms of the Renewed Ping An Financial Services Framework Agreement are set out below:

- Date: 16 November 2022
- Parties: The Company and Ping An Member Companies (including Ping An Bank, Ping An Wealth Management, Pingyu Factoring, Ping An Property & Casualty, Ping An Annuity, Ping An Real Estate and Ping An Asset Management)
- Provisions: The Group will, from time to time, utilize the financial services available from Ping An Member Companies on a non-exclusive basis as it deems necessary. Such services include:
- (a) providing deposit services to the Group, including but not limited to demand deposits, call deposits and term deposits;
 - (b) providing loans to the Group (including trust loan services, insurance debt schemes and other financing services, but excluding entrustment loans) on normal commercial terms where mortgage, pledge or other security over the assets of the Group may be required;
 - (c) arranging entrustment loans for the Group as a financial agent through which funds of one member of the Group may be channeled for use by another member of the Group;
 - (d) providing mortgage loan services to customers of the Group where the Group may need to place security deposits with Ping An Member Companies prior to the customers obtaining the property ownership certificates as guarantee provided for the customers of the Group. The security deposits placed with Ping An Member Companies by the Group under the mortgage loan services shall form part of the deposits of the Group placed with Ping An Member Companies under the deposit services and shall be subject to the maximum daily balance of the deposit services;
 - (e) providing settlement services to the Group;

LETTER FROM THE BOARD

- (f) providing factoring services to the Group (including financing factoring services and non-financing factoring services):
 - (i) financing factoring services: the Group will transfer its accounts receivables to Ping An Member Companies, so as to obtain facilities from Ping An Member Companies in the amount equivalent to the carrying amount of the accounts receivables before the accounts receivables fall due. The Group will repurchase its accounts receivables from Ping An Member Companies at the carrying amount at the maturity of the facilities, and pay the interests for the facilities to Ping An Member Companies;
 - (ii) non-financing factoring services: Ping An Member Companies will provide management, collection and consultancy services relating to accounts receivables, as well as supply chain factoring services and relevant management, collection and consultancy services to the Group;
- (g) providing commercial insurance services to the Group on normal commercial terms, including but not limited to various commercial insurance products purchased by the Group for its employees, construction projects, properties, liabilities, etc. based on its own needs; and
- (h) providing any other financial services to the Group as approved by competent authorities such as the CBIRC and the CSRC, including but not limited to wealth management services, notes services and internet banking services.

Term:

The Renewed Ping An Financial Services Framework Agreement shall take effect from 1 January 2023 and expire on 31 December 2025, provided that the deposit services, the loan services and the financing factoring services under the Renewed Ping An Financial Services Framework Agreement shall become effective after the approval from the Independent Shareholders is obtained.

LETTER FROM THE BOARD

Fees and charges: Fees and charges payable to Ping An Member Companies under the Renewed Ping An Financial Services Framework Agreement are determined on the following basis:

- when providing the deposit services, subject to compliance with regulatory requirements, interest rates shall not be lower than the benchmark interest rates for deposits of the same type and duration as promulgated by the PBOC from time to time, or the interest rates for deposits of the same type and duration as offered by independent commercial banks in the PRC, whichever is higher;
- when providing loans, interest rates shall not be higher than the interest rates offered by independent financial institutions of the same type in the PRC under the same conditions;
- when arranging entrustment loans, the service fees together with the loan interests shall not be higher than the service fees and interests in respect of an entrustment loan of the same duration offered by independent financial institutions of the same type in the PRC under the same conditions;
- when providing mortgage loan services and settlement services, no service fees will be charged;
- when providing factoring services, the service fees together with the interests shall not be higher than the service fees and interests in respect of the same type of factoring services offered by independent factoring companies in the PRC under the same conditions;
- when providing commercial insurance services, the premiums shall not be higher than the premiums in respect of the same type of insurance services offered by independent insurers in the PRC under the same conditions; and
- when providing any other financial services, the fees so charged shall not be higher than the rates offered by independent financial institutions of the same type in the PRC under the same conditions, or, if applicable, the standard rates promulgated by the PBOC from time to time, whichever is lower.

LETTER FROM THE BOARD

Undertakings:

Ping An Member Companies undertake that:

- (i) it will apply all the monies deposited by the Group to such activities as approved by the CBIRC in accordance with the relevant laws and regulations of the PRC;
- (ii) it will provide financial services within the scope permitted by the CBIRC; and
- (iii) it will notify the Company immediately in the event of any change in their credit ratings.

HISTORICAL FIGURES

For the two years ended 31 December 2021 and the six months ended 30 June 2022, the historical transaction amounts between the Group and Sinochem Finance and between the Group and Ping An Member Companies are as follows:

RMB million

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ending 31 December 2022	For the six months ended 30 June 2022
<i>Cap amounts and historical transaction amounts under the Existing Sinochem Financial Services Framework Agreement</i>				

	Cap amount	Historical transaction amount	Cap amount	Historical transaction amount	Cap amount	Historical transaction amount
Maximum daily balance of the deposits (including the accrued interest thereon) placed by the Group with Sinochem Finance, calculated as at the close of business each day	10,000	9,965	10,000	9,969	10,000	9,973

Cap amounts and historical transaction amounts under the Existing Ping An Financial Services Framework Agreement

	Cap amount	Historical transaction amount	Cap amount	Historical transaction amount	Cap amount	Historical transaction amount
Maximum daily balance of the deposits (including the accrued interest thereon) placed by the Group with Ping An Member Companies, calculated as at the close of business each day	8,000	5,554	8,000	5,583	8,000	1,399

LETTER FROM THE BOARD

	For the year ended 31 December 2020		For the year ended 31 December 2021		For the year ending 31 December 2022		For the six months ended 30 June 2022
	<i>Cap amount</i>	<i>Historical transaction amount</i>	<i>Cap amount</i>	<i>Historical transaction amount</i>	<i>Cap amount</i>	<i>Historical transaction amount</i>	
Maximum daily balance of the loans (including the accrued interest thereon) provided by Ping An Member Companies to the Group, calculated as at the close of business each day	10,000	100	10,000	4,150	10,000		2,819
Maximum daily balance of the financing factoring services (including the amount of accounts receivables and the accrued interest thereon) provided by Ping An Member Companies to the Group, calculated as at the close of business each day	3,000	–	3,000	–	3,000		–
Accumulated transaction amount of all other financial services provided by Ping An Member Companies to the Group	–	11	–	12	–		14

CAP AMOUNTS

The Company expects that for the three years ending 31 December 2025, the cap amounts of the transactions under the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement are as follows:

RMB million

	For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
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Cap amounts under the Renewed Sinochem Financial Services Framework Agreement

Maximum daily balance of the deposits (including the accrued interest thereon) placed by the Group with Sinochem Finance, calculated as at the close of business each day	10,000	10,000	10,000
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LETTER FROM THE BOARD

	For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
<i>Cap amounts under the Renewed Ping An Financial Services Framework Agreement</i>			
Maximum daily balance of the deposits (including the accrued interest thereon) placed by the Group with Ping An Member Companies, calculated as at the close of business each day	8,000	8,000	8,000
Maximum daily balance of the loans (including the accrued interest thereon) provided by Ping An Member Companies to the Group, calculated as at the close of business each day	10,000	10,000	10,000
Maximum daily balance of the financing factoring services (including the amount of accounts receivables and the accrued interest thereon) provided by Ping An Member Companies to the Group, calculated as at the close of business each day	3,000	3,000	3,000
Annual cap of all other financial services provided by Ping An Member Companies to the Group	20	21	22

BASIS OF CAP AMOUNTS

The Directors have taken into account the following principal factors in estimating the maximum daily balance of the deposits placed by the Group with Sinochem Finance and Ping An Member Companies:

- the need for settlement of amounts payable by the members of the Group during ordinary course of business through their deposit accounts maintained with Sinochem Finance and Ping An Member Companies. Sinochem Finance and Ping An Member Companies do not charge the Group any service fees in respect of the settlement services provided. The Group can deposit a large amount of its funds with Sinochem Finance and Ping An Member Companies to utilize the settlement services free of charge;
- the strategies in respect of the treasury management of the Group. The Company monitors and takes measures to manage its cash balance from time to time, taking into consideration factors including, among others, the Company's dividend policy, working capital, business expansion and debt management needs. Placing cash deposits as savings into financial institutions (such as Sinochem Finance and Ping An Member Companies) is one of the options that may be adopted by the Company from time to time;

LETTER FROM THE BOARD

- the business development and financial needs of the Group. The total assets of the Group has increased from approximately RMB334,881.4 million as at 31 December 2019 to approximately RMB431,842.6 million as at 30 June 2022, an increase of approximately 29.0%, and the balance of monetary fund of the Group has increased from approximately RMB25,456.5 million as at 31 December 2019 to approximately RMB42,322 million as at 30 June 2022, an increase of approximately 66.3%. Along with the business growth of the Group, it is expected that the Group's demand for financial services (including the deposit services) will continue to rise;
- the utilization of the maximum daily balance of the deposit services under the Existing Sinochem Financial Services Framework Agreement and the Existing Ping An Financial Services Framework Agreement. The historical maximum amount of the deposits placed by the Group with Sinochem Finance for the two years ended 31 December 2021 and the six months ended 30 June 2022 represents an utilization rate of more than 99% of the maximum daily balance under the Existing Sinochem Financial Services Framework Agreement, and historical maximum amount of the deposits placed by the Group with Ping An Member Companies for the two years ended 31 December 2021 represents an utilization rate of approximately 70% of the maximum daily balance under the Existing Ping An Financial Services Framework Agreement; and
- the Group will utilize the services of Sinochem Finance and Ping An Member Companies on a voluntary and non-exclusive basis and is not obliged to engage Sinochem Finance and Ping An Member Companies for any particular services. The maximum daily balance of the deposit services only represents the highest daily amount of deposits that the Group may place with Sinochem Finance and Ping An Member Companies and there are no obligations for the Group to deposit such amounts with Sinochem Finance and Ping An Member Companies. Setting the maximum daily balance of the deposits placed will enable the Group to have a greater flexibility in selecting deposit service providers and allocating its resources.

The Directors have taken into account the following principal factors in estimating the maximum daily balance of the loan services and the financing factoring services provided by Ping An Member Companies to the Group:

- the balance of the interest-bearing bank and other borrowings of the Group as at 30 June 2022 was approximately RMB114,172 million. The aggregated maximum daily balance of the loan services and the financing factoring services of RMB13,000 million for each of the three years ending 31 December 2025 only accounted for approximately 11.4% of the balance of the interest-bearing bank and other borrowings of the Group as at 30 June 2022, which is considered to be a reasonable proportion and allocation among the Group's financial service providers. In addition, the maximum balance of the unreleased mortgage loans of the Group (which may form part of the accounts receivables to be transferred by the Group to Ping An Member Companies under the financing factoring services) during the past three years was over RMB12,800 million, which is more than four times of the amount of the maximum daily balance of the financing factoring services;

LETTER FROM THE BOARD

- real estate is a capital-intensive industry, and the Group needs funds for its future development. The Renewed Ping An Financial Services Framework Agreement has provided the Group with a source of financing that it can choose to use when it deems appropriate, which helps the Group to maintain initiative and flexibility in its development in the market that is in line with industry policies changing from time to time. Ping An Member Companies are high quality financial service providers in the market. The Group intends to obtain financing from Ping An Member Companies, so as to expand its financing channels and ensure the safety of its funding chain; and
- the maximum daily balance of the loan services and the financing factoring services only represents the highest daily amount of loans and factoring financing that the Group may obtain from Ping An Member Companies and there are no obligations for the Group to engage Ping An Member Companies for such services. Setting the maximum daily balance of the loan services and the financing factoring services will enable the Group to have a greater flexibility in selecting financial service providers.

The Directors have taken into account the following principal factors in estimating the annual caps of all other financial services provided by Ping An Member Companies to the Group:

- the growth trend of the historical transaction amounts of such services. In particular, the accumulated transaction amount of such services for the six months ended 30 June 2022 has exceeded the annual transaction amount for each of the two years ended 31 December 2021; and
- the increase in the Group's demand for commercial insurance services, particularly the employee insurance and employer's liability insurance, as estimated by the Group based on its business development and the number of its employees.

INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES

In order to protect the interests of the Shareholders, the Company will adopt the following internal control procedures and corporate governance measures in relation to its utilization of the financial services provided by Sinochem Finance and Ping An Member Companies:

- The deposits will be placed by the Group with Sinochem Finance and Ping An Member Companies on a voluntary and non-exclusive basis. Before placing any deposit with Sinochem Finance and Ping An Member Companies, the Company will obtain and compare against at least two comparable interest rates of deposits of the same type and duration from independent commercial banks, and the benchmark deposit interest rates promulgated by the PBOC at the time of transaction;

LETTER FROM THE BOARD

- Prior to the entering into of any agreements with respect to loans, credit facilities, factoring services or commercial insurance services by any member of the Group with Sinochem Finance and Ping An Member Companies, the Company will obtain at least two quotations for loans of the same duration, credit facilities of the same nature, factoring services of the same type or commercial insurances of the same insurance type (as the case may be) from independent financial institutions;
- The comparable interest rates of deposits from independent commercial banks and the benchmark deposit interest rates promulgated by the PBOC (for the placing of deposits), or the quotations from independent financial institutions (for the entering into of any agreements with respect to loans, credit facilities, factoring services or commercial insurance services), as the case may be, together with the terms offered by Sinochem Finance and Ping An Member Companies, will upon being obtained be submitted to the finance and other departments of the Company for review, to ensure that the terms offered by Sinochem Finance and Ping An Member Companies are in strict compliance with the terms and conditions (including the pricing terms) under the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement, respectively, and are no less favorable to the Group than those offered by independent financial institutions;
- For the entering into of any agreements with respect to loans, credit facilities, factoring services or commercial insurance services, following the review by the finance and other departments of the Company, the quotations from independent financial institutions and the offer from Sinochem Finance and Ping An Member Companies will be sent to the chief financial officer of the Company for review. The chief financial officer will seek approval from the chief executive officer of the Company on whether to accept the terms offered by Sinochem Finance and Ping An Member Companies as and when appropriate;
- The Company will report to the independent non-executive Directors every year on:
 - (i) the implementation of the specific agreements entered into by the members of the Group pursuant to the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement, and the utilization rate of annual caps;
 - (ii) any change in the credit ratings of Sinochem Finance and Ping An Member Companies;
- The Company will monitor the status of its deposits, loans and other transactions with Sinochem Finance and Ping An Member Companies through the internet banking services provided by Sinochem Finance and Ping An Member Companies.

LETTER FROM THE BOARD

The Board considers that the above internal control procedures and corporate governance measures adopted by the Company in relation to the continuing connected transactions with Sinochem Finance and Ping An Member Companies are appropriate and sufficient, and that the procedures and measures give sufficient assurance to the Independent Shareholders that the continuing connected transactions will be appropriately monitored by the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED SINOCEM FINANCIAL SERVICES FRAMEWORK AGREEMENT AND THE RENEWED PING AN FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Directors are of the view that the risk profile of Sinochem Finance and Ping An Member Companies, as providers of financial services to the Group, is not greater than those of the independent commercial banks in the PRC because:

- Sinochem Finance is regulated by the PBOC and the CBIRC, and it must comply with the relevant rules and operational requirements promulgated by the above authorities, including the capital risk guidelines and requisite capital adequacy ratio requirements. Ping An Member Companies are subject to the supervision of the CBIRC directly or indirectly. Accordingly, the risks that the Group is exposed to when receiving financial services from Sinochem Finance and Ping An Member Companies will not be higher than receiving those from independent financial institutions;
- according to the relevant laws and regulations promulgated by the CBIRC and the articles of association of Sinochem Finance, in the event that Sinochem Finance falls into financial difficulty, Sinochem Corporation, being the holding company of Sinochem Finance, will under an obligation to take all necessary steps, such as injecting capital into Sinochem Finance based on its funding needs, to restore its financial position; and
- according to the Renewed Sinochem Financial Services Framework Agreement, the Group will have a right of set-off. In the event that the Group fails to recover any amount it deposits with Sinochem Finance, the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by the Group. Sinochem Finance does not have such right of set-off under the Renewed Sinochem Financial Services Framework Agreement.

The Directors also take the view that the utilization of financial services provided by Sinochem Finance and Ping An Member Companies has the following advantages:

- Sinochem Finance and Ping An Member Companies have been providing financial services to the Group for many years, and have an in-depth understanding of the Group's business and development needs. They can assist the Group to formulate a beneficial deposit mix that will increase the return on funds and maintain the sufficiency and flexibility of the working capital;

LETTER FROM THE BOARD

- Sinochem Finance and Ping An Member Companies do not charge the Group any service fees in respect of the settlement services provided. As Sinochem Finance and Ping An Member Companies are familiar with the business and transaction pattern of the Group, the settlement services provided by them tend to provide a more efficient and orderly platform than those provided by independent financial institutions. This also helps to reduce the transaction costs payable by the Group, such as handling fees for transfer of funds and other administrative expenses;
- as a large-scale developer and operator of real estate projects, the Group has financing needs and other financial services needs from time to time for land acquisition and other daily operations. Sinochem Finance and Ping An Member Companies can offer reliable and stable finance resource and mid-term and long-term credit line for the Group, therefore optimizing the funding structure of the Group; and
- in any event, the Group may discontinue the use of the financial services provided by Sinochem Finance and Ping An Member Companies without incurring any extra cost if any independent financial institution of the same type offers more favorable terms in respect of these financial services. The entering into of the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement will provide more options and greater flexibility to the Group in selecting financial service providers and will be conducive to the Group's full and reasonable utilization of market resources.

The Directors (including the independent non-executive Directors) consider that the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement are entered into after arm's length negotiations and on normal commercial terms, and the terms of the transactions under the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement and the related caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. LI Fanrong, Mr. LI Fuli and Mr. CHENG Yong are director and/or employee of Sinochem Holdings, they are regarded as having material interests in the transactions contemplated under the Renewed Sinochem Financial Services Framework Agreement and have abstained from voting on the Board resolution to approve such transactions. As Mr. CHEN Chuan is an employee of Ping An, he is regarded as having material interests in the transactions contemplated under the Renewed Ping An Financial Services Framework Agreement and has abstained from voting on the Board resolution to approve such transactions.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 36.40% of the total number of issued shares of the Company, and is therefore a connected person of the Company. As Sinochem Finance is owned as to 37% by Sinochem Holdings and as to 61.12% in aggregate by Sinochem Corporation (an indirect subsidiary of Sinochem Holdings) and its subsidiary, Sinochem Finance is a connected person of the Company. The transactions under the Renewed Sinochem Financial Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules:

- (i) As one or more of the applicable percentage ratios of the maximum daily balance in respect of the deposit services under the Renewed Sinochem Financial Services Framework Agreement are more than 25% but less than 100%, the deposit services (including the maximum daily balance) are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, and also constitute a major transaction under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and shareholders' approval requirements thereunder;
- (ii) The loan services (excluding entrustment loans) under the Renewed Sinochem Financial Services Framework Agreement are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements as the provision of such loans constitutes a financial assistance received by the Group from a connected person, which is conducted on normal commercial terms or better and is not secured by the assets of the Group pursuant to Rule 14A.90 of the Listing Rules;
- (iii) All other financial services under the Renewed Sinochem Financial Services Framework Agreement are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements as such financial services are provided on normal commercial terms or better and the Company expects that the aggregated annual fees and charges payable to Sinochem Finance in respect of such services will not exceed the de minimis threshold of 0.1% pursuant to Rule 14A.76(1)(a) of the Listing Rules.

LETTER FROM THE BOARD

Ping An, through its subsidiaries, holds approximately 13.46% of the total number of issued shares of the Company, and is therefore a connected person of the Company. Each of Ping An Member Companies is a subsidiary of Ping An, and also a connected person of the Company. The transactions under the Renewed Ping An Financial Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules:

- (i) As one or more of the applicable percentage ratios of the maximum daily balance in respect of the deposit services under the Renewed Ping An Financial Services Framework Agreement are more than 25% but less than 100%, the deposit services (including the maximum daily balance) are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, and also constitute a major transaction under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and shareholders' approval requirements thereunder;
- (ii) As one or more of the applicable percentage ratios of the maximum daily balance in respect of the loan services and the financing factoring services on an aggregated basis under the Renewed Ping An Financial Services Framework Agreement are more than 5%, the loan services and the financing factoring services (including the aggregate maximum daily balance) are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as one or more of the applicable percentage ratios of the maximum daily balance in respect of the financing factoring services are more than 5% but less than 25%, the financing factoring services also constitute a discloseable transaction under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements thereunder;
- (iii) As one or more of the applicable percentage ratios of the annual caps in respect of all other financial services under the Renewed Ping An Financial Services Framework Agreement are more than 0.1% but less than 5%, such services are subject to the reporting, announcement and annual review requirements, but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

FINANCIAL EFFECTS OF THE DEPOSIT SERVICES

Given that the interest rates offered by Sinochem Finance and Ping An Member Companies to the Group in respect of the deposit services shall not be lower than the benchmark interest rates for deposits of the same type and duration as promulgated by the PBOC from time to time, or the interest rates for deposits of the same type and duration as offered by independent commercial banks in the PRC (whichever is higher), the return of the surplus funds of the Group will be enhanced due to the possibly higher deposit interests from Sinochem Finance and Ping An Member Companies.

LETTER FROM THE BOARD

The Company is of the view that there will be no material effect of the deposit services under the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement on the earnings, assets and liabilities of the Group.

INFORMATION REGARDING THE PARTIES

The Company

The Company is a large-scale developer and operator of quality real estate projects in the PRC, and the platform enterprise of Sinochem Holdings in the development of real estate business. The Company is principally engaged in city operations, property development, commercial leasing, retail operations, hotel operations, as well as technology and services.

Sinochem Finance

Sinochem Finance is a financial service company regulated by the PBOC and the CBIRC. It is committed to providing synergized settlement, financing and financial management and financial consulting services to Sinochem Holdings and its associates. Sinochem Finance is ultimately owned by Sinochem Holdings. Sinochem Holdings is a large-scale chemical conglomerate, and operates in eight business sectors covering life science, materials science, basic chemicals, environmental science, rubber and tire, machinery and equipment, city operations, and industrial finance. The sole shareholder of Sinochem Holdings is the SASAC.

Ping An Member Companies

Ping An, together with its subsidiaries, is an insurance and financial service group in the PRC, and is capable of providing a wide range of insurance and financial services and products to corporate and retail customers. A shares (stock code 601318) and H shares (stock code 2318) of Ping An are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively.

Ping An Bank, a subsidiary of Ping An, is subject to the supervision of the CBIRC and is principally engaged in commercial banking businesses including deposits and loans, settlement and exchange, and the shares of which are listed on the Shenzhen Stock Exchange.

Ping An Wealth Management, a subsidiary of Ping An, is principally engaged in businesses including public and private issuance of wealth management products, financial advisory and consulting, and other asset management related businesses.

Pingyu Factoring, a subsidiary of Ping An, is principally engaged in businesses including consultancy service relating to factoring and commercial factoring.

Ping An Property & Casualty, a subsidiary of Ping An, is principally engaged in various kinds of insurance related businesses approved by the CBIRC including property and casualty insurance.

LETTER FROM THE BOARD

Ping An Annuity, a subsidiary of Ping An, is principally engaged in businesses approved by the CBIRC including pension insurance, life insurance, health insurance and corporate annuity.

Ping An Real Estate, a subsidiary of Ping An, is principally engaged in investment management, investment consultancy, investment holding, entrusted management of equity investment fund and entrusted fund management businesses.

Ping An Asset Management, a subsidiary of Ping An, is principally engaged in proprietary fund management, insurance fund management, entrusted fund management and fund management related consultancy businesses.

EGM

A notice convening the EGM to be held at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong on Friday, 23 December 2022 at 10:00 a.m. is set out on pages 71 to 73 of this circular. At the EGM, ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve (i) the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement, and (ii) the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement.

In accordance with the requirements of the Listing Rules, any votes of Shareholders at any general meeting shall be taken by way of poll. Accordingly, the chairman of the meeting will at the EGM demand, pursuant to Article 58(1) of the articles of association of the Company, that votes on the ordinary resolutions set out in the notice of the EGM be taken by way of poll.

In view of Sinochem Holdings' interests in the Renewed Sinochem Financial Services Framework Agreement, Sinochem Hong Kong (being an indirect subsidiary of Sinochem Holdings, and the immediate controlling shareholder of the Company holding approximately 36.40% of the total number of issued Shares as at the Latest Practicable Date) is required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement.

In view of Ping An's interests in the Renewed Ping An Financial Services Framework Agreement, Ping An Life Insurance Company of China, Ltd. ("**Ping An Life**") and Ping An of China Asset Management (Hong Kong) Company Limited (being subsidiaries of Ping An, holding approximately 13.42% and 0.04%, respectively, of the total number of issued Shares as at the Latest Practicable Date) are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in the Company in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not the Shareholders are able to attend at the EGM, they are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that each of the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and is negotiated on arm's length basis, and that the terms of the transactions under each of the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the EGM to approve (i) the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement, and (ii) the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei, has been formed to advise the Independent Shareholders as to whether (i) the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement, and (ii) the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement are conducted by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned, and how to vote on the relevant resolutions to be proposed at the EGM. Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 27 to 28 of this circular which contains its recommendation to the Independent Shareholders; (ii) the letter from Opus Capital set out on pages 29 to 58 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders; and (iii) the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
China Jinmao Holdings Group Limited
LI Fanrong
Chairman



China Jinmao Holdings Group Limited

中國金茂控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00817)

7 December 2022

To: the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS
UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENTS**

We refer to the circular of the Company dated 7 December 2022 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders as to whether (i) the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement, and (ii) the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement are conducted by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Having considered the terms of the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement, as well as and the advice of Opus Capital, the Independent Financial Adviser to us and the Independent Shareholders, we consider that (i) the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement, and (ii) the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement are conducted by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions set out in the notice of the EGM.

Yours faithfully,
the Independent Board Committee of
China Jinmao Holdings Group Limited
SU Xijia
SUEN Man Tak
GAO Shibin
ZHONG Wei
Independent Non-executive Directors

LETTER FROM OPUS CAPITAL

The following is the full text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of (i) the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement; and (ii) the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement, which has been prepared for the purpose of inclusion in this circular.



18th Floor, Fung House
19-20 Connaught Road Central
Central, Hong Kong

7 December 2022

*To: the Independent Board Committee and the Independent Shareholders of
China Jinmao Holdings Group Limited*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENTS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with: (i) the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement; and (ii) the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement (the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement are collectively referred as the “**Framework Agreements**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 7 December 2022 (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined or the context requires otherwise.

LETTER FROM OPUS CAPITAL

BACKGROUND OF THE FRAMEWORK AGREEMENTS

Renewed Sinochem Financial Services Framework Agreement

As stated in the Letter from the Board, reference is made to the Existing Sinochem Financial Services Framework Agreement entered into between the Company and Sinochem Finance which will expire on 31 December 2022. On 16 November 2022, the Company and Sinochem Finance entered into the Renewed Sinochem Financial Services Framework Agreement, pursuant to which the Group will continue to utilize the financial services available from Sinochem Finance on a non-exclusive basis as it deems necessary for a period up to 31 December 2025.

As at the Latest Practicable Date, Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 36.4% of the total number of issued shares of the Company, and is therefore a connected person of the Company. As Sinochem Finance is owned as to 37% by Sinochem Holdings and as to 61.12% in aggregate by Sinochem Corporation (an indirect subsidiary of Sinochem Holdings) and its subsidiary, Sinochem Finance is a connected person of the Company. The transactions under the Renewed Sinochem Financial Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios of the maximum daily balance in respect of the deposit services under the Renewed Sinochem Financial Services Framework Agreement are more than 25% but less than 100%, the deposit services (including the maximum daily balance) are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, and also constitute a major transaction under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and shareholders' approval requirements thereunder.

Renewed Ping An Financial Services Framework Agreement

As stated in the Letter from the Board, reference is made to the Existing Ping An Financial Services Framework Agreement entered into between the Company and certain subsidiaries of Ping An which will expire on 31 December 2022. On 16 November 2022, the Company and Ping An Member Companies entered into the Renewed Ping An Financial Services Framework Agreement, pursuant to which the Group will continue to utilize the financial services available from Ping An Member Companies on a non-exclusive basis as it deems necessary for a period up to 31 December 2025.

As at the Latest Practicable Date, Ping An, through its subsidiaries, holds approximately 13.46% of the total number of issued shares of the Company, and is therefore a connected person of the Company. Each of Ping An Member Companies is a subsidiary of Ping An, and also a connected person of the Company. The transactions under the Renewed Ping An Financial Services Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

LETTER FROM OPUS CAPITAL

As one or more of the applicable percentage ratios of the maximum daily balance in respect of the deposit services under the Renewed Ping An Financial Services Framework Agreement are more than 25% but less than 100%, the deposit services (including the maximum daily balance) are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, and also constitute a major transaction under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and shareholders' approval requirements thereunder.

As one or more of the applicable percentage ratios of the maximum daily balance in respect of the loan services and the financing factoring services on an aggregated basis under the Renewed Ping An Financial Services Framework Agreement are more than 5%, the loan services and the financing factoring services (including the aggregate maximum daily balance) are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as one or more of the applicable percentage ratios of the maximum daily balance in respect of the financing factoring services are more than 5% but less than 25%, the financing factoring services also constitute a discloseable transaction under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements thereunder.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Su Xijia, Mr. Suen Man Tak, Mr. Gao Shibin and Mr. Zhong Wei, has been established to advise the Independent Shareholders on: (i) whether the terms of the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement and the terms of the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the deposit services under the Renewed Sinochem Financial Services Framework Agreement and the deposit as well as the loan services and the financing factoring services under the Renewed Ping An Financial Services Framework Agreement are in the ordinary and usual course of business of the Group, and whether they are in the interests of the Company and the Shareholders as a whole; and (iii) how to vote on the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement and the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement. Our appointment as the Independent Financial Adviser in this respect has been approved by the Independent Board Committee.

LETTER FROM OPUS CAPITAL

OUR INDEPENDENCE

We were appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of Jinmao Property Services Co., Limited, a subsidiary of the Company, on the proposed continuing connected transactions in relation to a property management services framework agreement, details of which are set out in the circular of Jinmao Property Services Co., Limited dated 24 November 2022 (the “**Past Appointment**”). The relevant transactions are independent of the transactions contemplated under the Framework Agreements.

As at the Latest Practicable Date, we do not have any relationship with, or interest in, the Company, Sinochem Finance, Ping An and Ping An Member Companies or any other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, save for the Past Appointment, we have not: (i) acted as an independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company. Apart from normal independent financial advisory fees paid or payable (as the case may be) to us in connection with the Past Appointment and this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, Sinochem Finance, Ping An and Ping An Member Companies or other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Renewed Sinochem Financial Services Framework Agreement;
- (ii) the Renewed Ping An Financial Services Framework Agreement;
- (iii) the interim report of the Company for the six months ended 30 June (“**HY**”) 2022 (the “**2022 Interim Report**”);
- (iv) the annual reports of the Company for the years ended 31 December (“**FY**”, which is also applicable to the year ending 31 December) 2021 (the “**2021 Annual Report**”) and 2020 (the “**2020 Annual Report**”); and
- (v) other information as set out in the Circular.

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We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and continued to be so up to the Latest Practicable Date.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided to us by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the Circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the Framework Agreements, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the Framework Agreements, we have taken into consideration the following principal factors and reasons:

1. Information on the Parties

1.1. The Company

The Company is a large-scale developer and operator of quality real estate projects in the PRC, and the platform enterprise of Sinochem Holdings in the development of real estate business. The Company is principally engaged in city operations, property development, commercial leasing, retail operations, hotel operations, as well as technology and services.

1.2. Sinochem Finance

Sinochem Finance is a financial service company regulated by the PBOC and the CBIRC. It is committed to providing synergized settlement, financing and financial management and financial consulting services to Sinochem Holdings and its associates. Sinochem Finance is ultimately owned by Sinochem Holdings. Sinochem Holdings is a large-scale chemical conglomerate, and operates in eight business sectors covering life science, materials science, basic chemicals, environmental science, rubber and tire, machinery and equipment, city operations, and industrial finance. The sole shareholder of Sinochem Holdings is the SASAC.

As noted from the articles of association of Sinochem Finance obtained from the Company, Sinochem Finance is required to operate in compliance with the 《企業集團財務公司管理辦法》 (The Administrative Measures for the Group Finance Companies*) promulgated by China Banking Regulatory Commission (now known as the CBIRC) and other regulations promulgated by the PBOC and CBIRC. According to the relevant requirements under 《企業集團財務公司風險監管指標考核暫行辦法》 (The Assessment Measures for Risk Control Indicators for the Group Finance Company*, the “**Assessment Measures**”), finance companies of enterprise groups are required to operate in compliance with certain compliance and risk control requirements/measures in relation to the operation of group financing companies, including but not limited to maintaining certain financial ratios at all times.

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The major regulatory ratio requirements and the relevant ratios of Sinochem Finance as at 31 December 2019, 31 December 2020 and 31 December 2021 are set out below:

	Requirements for PRC licensed banks	Requirements for PRC licensed finance companies	Sinochem Finance As at 31 December		
			2021	2020	2019
Capital adequacy ratio	Not lower than 8%	Not lower than 10%	20.29%	18.24%	12.31%
Inter-bank borrowing balances shall not exceed total capital	N/A	Not higher than 100%	48.53%	80%	30.66%
Outstanding guarantee amounts shall not exceed total capital	N/A	Not higher than 100%	3.72%	5.29%	40.86%
Long and short-term securities investment to total capital ratio	N/A	Not higher than 70%	44.46%	38.94%	50.04%
Self-owned fixed assets to total capital ratio	N/A	Not higher than 20%	0.03%	0.05%	0.10%
Current ratio	N/A	Not lower than 25%	49.15%	51.90%	70.05%

As shown in the table above, save for the capital adequacy ratio requirement, all the other ratio requirements are not applicable to licensed banks in the PRC. Further, the capital adequacy ratio requirement for PRC licensed banks is 8% while such requirement is 10% for licensed finance companies in PRC which is more stringent. It is noted that Sinochem Finance's relevant ratios were either much lower than the relevant ceiling requirements or much higher than the relevant floor requirements during the past three years.

1.3. Ping An Member Companies

Ping An, together with its subsidiaries, is an insurance and financial service group in the PRC, and is capable of providing a wide range of insurance and financial services and products to corporate and retail customers. A shares (stock code 601318) and H shares (stock code 2318) of Ping An are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively.

Ping An Bank, a subsidiary of Ping An, is subject to the supervision of the CBIRC and is principally engaged in commercial banking businesses including deposits and loans, settlement and exchange, and the shares of which are listed on the Shenzhen Stock Exchange.

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Ping An Wealth Management, a subsidiary of Ping An, is principally engaged in businesses including public and private issuance of wealth management products, financial advisory and consulting, and other asset management related businesses.

Pingyu Factoring, a subsidiary of Ping An, is principally engaged in businesses including consultancy service relating to factoring and commercial factoring.

Ping An Property & Casualty, a subsidiary of Ping An, is principally engaged in various kinds of insurance related businesses approved by the CBIRC including property and casualty insurance.

Ping An Annuity, a subsidiary of Ping An, is principally engaged in businesses approved by the CBIRC including pension insurance, life insurance, health insurance and corporate annuity.

Ping An Real Estate, a subsidiary of Ping An, is principally engaged in investment management, investment consultancy, investment holding, entrusted management of equity investment fund and entrusted fund management businesses.

Ping An Asset Management, a subsidiary of Ping An, is principally engaged in proprietary fund management, insurance fund management, entrusted fund management and fund management related consultancy businesses.

2. Reasons for and benefits of entering into the Framework Agreements

As stated in the Letter from the Board, the Directors are of the view that the risk profile of Sinochem Finance and Ping An Member Companies, as providers of financial services to the Group, is not greater than those of the independent commercial banks in the PRC because:

- (i) Sinochem Finance is regulated by the PBOC and the CBIRC, and it must comply with the relevant rules and operational requirements promulgated by the above authorities, including the capital risk guidelines and requisite capital adequacy ratio requirements. Ping An Member Companies are subject to the supervision of the CBIRC directly or indirectly. Accordingly, the risks that the Group is exposed to when receiving financial services from Sinochem Finance and Ping An Member Companies will not be higher than receiving those from independent financial institutions;
- (ii) according to the relevant laws and regulations promulgated by the CBIRC and the articles of association of Sinochem Finance, in the event that Sinochem Finance falls into financial difficulty, Sinochem Corporation, being the holding company of Sinochem Finance, will under an obligation to take all necessary steps, such as injecting capital into Sinochem Finance based on its funding needs, to restore its financial position; and

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- (iii) according to the Renewed Sinochem Financial Services Framework Agreement, the Group will have a right of set-off. In the event that the Group fails to recover any amount it deposits with Sinochem Finance, the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by the Group. Sinochem Finance does not have such right of set-off under the Renewed Sinochem Financial Services Framework Agreement.

The Directors also take the view that the utilization of financial services provided by Sinochem Finance and Ping An Member Companies has the following advantages:

- (i) Sinochem Finance and Ping An Member Companies have been providing financial services to the Group for many years, and have an in-depth understanding of the Group's business and development needs. They can assist the Group to formulate a beneficial deposit mix that will increase the return on funds and maintain the sufficiency and flexibility of the working capital;
- (ii) Sinochem Finance and Ping An Member Companies do not charge the Group any service fees in respect of the settlement services provided. As Sinochem Finance and Ping An Member Companies are familiar with the business and transaction pattern of the Group, the settlement services provided by them tend to provide a more efficient and orderly platform than those provided by independent financial institutions. This also helps to reduce the transaction costs payable by the Group, such as handling fees for transfer of funds and other administrative expenses;
- (iii) as a large-scale developer and operator of real estate projects, the Group has financing needs and other financial services needs from time to time for land acquisition and other daily operations. Sinochem Finance and Ping An Member Companies can offer reliable and stable finance resource and mid-term and long-term credit line for the Group, therefore optimizing the funding structure of the Group; and
- (iv) in any event, the Group may discontinue the use of the financial services provided by Sinochem Finance and Ping An Member Companies without incurring any extra cost if any independent financial institution of the same type offers more favorable terms in respect of these financial services. The entering into of the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement will provide more options and greater flexibility to the Group in selecting financial service providers and will be conducive to the Group's full and reasonable utilization of market resources.

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As discussed under the above sub-sections headed “1.2 Sinochem Finance” and “1.3 Ping An Member Companies” under the section headed “1. Information on the Parties” above, Ping An Member Companies are subject to the supervision of the CBIRC while Sinochem Finance is regulated by both the PBOC and the CBIRC. As such, Ping An Member Companies and Sinochem Finance must comply with the relevant rules and operational requirements promulgated by the above authorities, in particular, the Assessment Measures and requisite capital adequacy ratio requirements. Therefore, the risks that the Group is exposed to when receiving financial services from Sinochem Finance and Ping An Member Companies will not be higher than receiving those from independent financial institutions.

From the review of the articles of association of Sinochem Finance obtained from the Company, it is noted that Sinochem Corporation, being the holding company of Sinochem Finance, has undertaken to take necessary steps, such as injecting capital into Sinochem Finance based on its funding needs to restore its financial position in the event that Sinochem Finance falls into financial difficulty.

As noted from the principal terms of the Renewed Sinochem Financial Services Framework Agreement, the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by the Group in the event that the Group fails to recover any amount it deposits with Sinochem Finance while Sinochem Finance does not have such right of set-off.

Finally, we noted that it is not the first time which Sinochem Finance and Ping An Member Companies provide financial services to the Group. Instead, Sinochem Finance and Ping An Member Companies have been providing financial services to the Group for years. As such, both Sinochem Finance and Ping An Member Companies have an in-depth understanding of the Group’s business and development needs which facilitate Sinochem Finance and Ping An Member Companies to provide financial services to the Group in an effective and efficient manner. In addition, there is no obligation for the Group to utilize any financial services to be provided by Sinochem Finance and Ping An Member Companies which provide the Group with flexibility.

In view of the above, we consider that the entering into of the Framework Agreements is in the interests of the Company and the Shareholders as a whole.

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3. Principal terms of the Framework Agreements

3.1. *Renewed Sinochem Financial Services Framework Agreement*

Principal terms of the Renewed Sinochem Financial Services Framework Agreement are set out below:

Date:	16 November 2022
Parties:	The Company and Sinochem Finance
Provisions:	<p>The Group will, from time to time, utilize the financial services available from Sinochem Finance on a non-exclusive basis as it deems necessary. Such services include:</p> <ul style="list-style-type: none">(i) providing deposit services to the Group, including but not limited to demand deposits, call deposits and term deposits;(ii) providing loans to the Group (excluding entrustment loans) on normal commercial terms where no mortgage, pledge or other security over the assets of the Group will be required;(iii) arranging entrustment loans for the Group as a financial agent through which funds of one member of the Group may be channeled for use by another member of the Group;(iv) providing settlement services to the Group;(v) providing guarantees at the request of the Group for financing, lease financing, bidding activities or performing other contractual obligations where no counter-guarantee will be required;(vi) providing non-financing factoring services to the Group, including supply chain factoring services and relevant management and consultancy services;(vii) providing internet banking services to the Group; and(viii) providing any other financial services as approved by the CBIRC to the Group, including but not limited to notes services and other services.

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- Term: The Renewed Sinochem Financial Services Framework Agreement shall take effect from 1 January 2023 and expire on 31 December 2025, provided that the deposit services under the Renewed Sinochem Financial Services Framework Agreement shall become effective after the approval from the Independent Shareholders is obtained.
- Fees and charges: Fees and charges payable to Sinochem Finance under the Renewed Sinochem Financial Services Framework Agreement are determined on the following basis:
- (i) when providing the deposit services, subject to compliance with regulatory requirements, interest rates shall not be lower than the benchmark interest rates for deposits of the same type and duration as promulgated by the PBOC from time to time, or the interest rates for deposits of the same type and duration as offered by independent commercial banks in the PRC, whichever is higher;
 - (ii) when providing loans, interest rates shall not be higher than the interest rates offered by independent commercial banks in the PRC under the same conditions;
 - (iii) when arranging entrustment loans, the service fees together with the loan interests shall not be higher than the service fees and interests in respect of an entrustment loan of the same duration offered by independent commercial banks in the PRC under the same conditions;
 - (iv) when providing settlement services, no service fees will be charged; and
 - (v) when providing any other financial services, the fees so charged shall not be higher than the rates offered by independent financial institutions of the same type in the PRC under the same conditions, or, if applicable, the standard rates promulgated by the PBOC from time to time, whichever is lower.

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- Right of set-off: In the event that the Group fails to recover any amount it deposits with Sinochem Finance, the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by the Group.
- Daily balance: The average daily balance per year of the loans (which will be calculated according to the calendar year, and if the period is for less than a year, it will be calculated according to the number of days from 1 January of the year) the Group obtains from Sinochem Finance and Sinochem Holdings' other member units shall be higher than the average daily balance per year of the deposits the Group places with Sinochem Finance.
- Undertakings: Sinochem Finance undertakes that:
- (i) it will apply all the monies deposited by the Group to such activities as approved by the CBIRC in accordance with the relevant laws and regulations of the PRC;
 - (ii) at all times the sum of the outstanding amount of the loans it provides to Sinochem Holdings' member units (exclusive of the Group) shall not exceed the sum of Sinochem Finance's equity capital, reserve and the deposits received from parties other than the Group;
 - (iii) it will notify the Company immediately in the event of any change in its credit ratings;
 - (iv) (it will provide its financial statements to the Company on a monthly basis; and
 - (v) it will deliver to the Company a monthly report on the status of deposits, loans and other transactions between the Group and Sinochem Finance.

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3.2. Renewed Ping An Financial Services Framework Agreement

Principal terms of the Renewed Ping An Financial Services Framework Agreement are set out below:

- Date: 16 November 2022
- Parties: The Company and Ping An Member Companies (including Ping An Bank, Ping An Wealth Management, Pingyu Factoring, Ping An Property & Casualty, Ping An Annuity, Ping An Real Estate and Ping An Asset Management)
- Provisions: The Group will, from time to time, utilize the financial services available from Ping An Member Companies on a non-exclusive basis as it deems necessary. Such services include:
- (i) providing deposit services to the Group, including but not limited to demand deposits, call deposits and term deposits;
 - (ii) providing loans to the Group (including trust loan services, insurance debt schemes and other financing services, but excluding entrustment loans) on normal commercial terms where mortgage, pledge or other security over the assets of the Group may be required;
 - (iii) arranging entrustment loans for the Group as a financial agent through which funds of one member of the Group may be channeled for use by another member of the Group;
 - (iv) providing mortgage loan services to customers of the Group where the Group may need to place security deposits with Ping An Member Companies prior to the customers obtaining the property ownership certificates as guarantee provided for the customers of the Group. The security deposits placed with Ping An Member Companies by the Group under the mortgage loan services shall form part of the deposits of the Group placed with Ping An Member Companies under the deposit services and shall be subject to the maximum daily balance of the deposit services;
 - (v) providing settlement services to the Group;

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- (vi) providing factoring services to the Group (including financing factoring services and non-financing factoring services):
 - (i) financing factoring services: the Group will transfer its accounts receivables to Ping An Member Companies, so as to obtain facilities from Ping An Member Companies in the amount equivalent to the carrying amount of the accounts receivables before the accounts receivables fall due. The Group will repurchase its accounts receivables from Ping An Member Companies at the carrying amount at the maturity of the facilities, and pay the interests for the facilities to Ping An Member Companies;
 - (ii) non-financing factoring services: Ping An Member Companies will provide management, collection and consultancy services relating to accounts receivables, as well as supply chain factoring services and relevant management, collection and consultancy services to the Group;
- (vii) providing commercial insurance services to the Group on normal commercial terms, including but not limited to various commercial insurance products purchased by the Group for its employees, construction projects, properties, liabilities, etc. based on its own needs; and
- (viii) providing any other financial services to the Group as approved by competent authorities such as the CBIRC and the CSRC, including but not limited to wealth management services, notes services and internet banking services.

Term:

The Renewed Ping An Financial Services Framework Agreement shall take effect from 1 January 2023 and expire on 31 December 2025, provided that the deposit services, the loan services and the financing factoring services under the Renewed Ping An Financial Services Framework Agreement shall become effective after the approval from the Independent Shareholders is obtained.

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Fees and charges:

Fees and charges payable to Ping An Member Companies under the Renewed Ping An Financial Services Framework Agreement are determined on the following basis:

- (i) when providing the deposit services, subject to compliance with regulatory requirements, interest rates shall not be lower than the benchmark interest rates for deposits of the same type and duration as promulgated by the PBOC from time to time, or the interest rates for deposits of the same type and duration as offered by independent commercial banks in the PRC, whichever is higher;
- (ii) when providing loans, interest rates shall not be higher than the interest rates offered by independent financial institutions of the same type in the PRC under the same conditions;
- (iii) when arranging entrustment loans, the service fees together with the loan interests shall not be higher than the service fees and interests in respect of an entrustment loan of the same duration offered by independent financial institutions of the same type in the PRC under the same conditions;
- (iv) when providing mortgage loan services and settlement services, no service fees will be charged;
- (v) when providing factoring services, the service fees together with the interests shall not be higher than the service fees and interests in respect of the same type of factoring services offered by independent factoring companies in the PRC under the same conditions;
- (vi) when providing commercial insurance services, the premiums shall not be higher than the premiums in respect of the same type of insurance services offered by independent insurers in the PRC under the same conditions; and
- (vii) when providing any other financial services, the fees so charged shall not be higher than the rates offered by independent financial institutions of the same type in the PRC under the same conditions, or, if applicable, the standard rates promulgated by the PBOC from time to time, whichever is lower.

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Undertakings:

Ping An Member Companies undertake that:

- (i) it will apply all the monies deposited by the Group to such activities as approved by the CBIRC in accordance with the relevant laws and regulations of the PRC;
- (ii) it will provide financial services within the scope permitted by the CBIRC; and
- (iii) it will notify the Company immediately in the event of any change in their credit ratings.

4. Analysis on the principal terms of the Framework Agreements

4.1. Renewed Sinochem Financial Services Framework Agreement

It is noted that the terms under the Renewed Sinochem Financial Services Framework Agreement remain principally the same as those under the Existing Sinochem Financial Services Framework Agreement, in particular, the terms of fees and charges and safeguards such as the right of set-off, the daily balance and the undertakings as mentioned above.

We have randomly selected, obtained and reviewed three samples of the members of the Group having utilized the deposit service provided by Sinochem Finance (the “**Sinochem Deposit Samples**”) during FY2020, FY2021 and HY2022 (FY2020, FY2021 and HY2022, collectively, the “**Historical Period**”). We have also obtained the information of the interest rates for similar types of deposits of comparable period to those of the Sinochem Deposit Samples as announced by three independent commercial banks in the PRC (the “**Bank Deposit Rates**”) and the PBOC (the “**PBOC Deposit Rates**”) during the Historical Period. From the review of the Sinochem Deposit Samples, it is noted that the interest rates in the Sinochem Deposit Samples were not lower than the higher of the Bank Deposit Rates and the PBOC Deposit Rates.

We have also obtained and reviewed the average daily balance of: (i) the loans the Group obtained from Sinochem Finance and Sinochem Holdings’ other member units (the “**Loan Average Daily Balance**”); and (ii) the deposits the Group placed with Sinochem Finance (the “**Deposit Average Daily Balance**”) during the Historical Period and noted that the Loan Average Daily Balance was higher than the Deposit Average Daily Balance.

Further, we also made enquiry to and obtained confirmation from the Company that there was no change to the credit ratings of Sinochem Finance during the Historical Period. As such, the pricing terms under the Existing Sinochem Financial Services Framework Agreement were followed and the terms of safeguards were in place to protect the deposits made by the Group at Sinochem Finance.

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In view of the above, we are of the view that the terms of the deposit services under the Renewed Sinochem Financial Services Framework Agreement, which remain principally the same as those under the Existing Sinochem Financial Services Framework Agreement, are fair and reasonable.

4.2. Renewed Ping An Financial Services Framework Agreement

It is noted that the terms under the Renewed Ping An Financial Services Framework Agreement remain principally the same as those under the Existing Ping An Financial Services Framework Agreement, in particular, the terms of fees and charges and the undertakings as mentioned above.

We have randomly selected, obtained and reviewed: (i) three samples of the members of the Group having utilized the deposit service provided by Ping An Bank (the “**Ping An Deposit Samples**”) during the Historical Period; (ii) three samples of the Group’s companies which utilized the loan service provided by Ping An Bank (the “**Ping An Loan Samples**”) during the Historical Period; (iii) the Bank Deposit Rates and the PBOC Deposit Rates during the Historical Period; and (iv) three samples of the interest rates offered by independent financial institutions of the same type of loans of the Ping An Loan Samples (the “**Independent Loan Samples**”).

From the review of the Ping An Deposit Samples, it is noted that the interest rates in the Ping An Deposit Samples were not lower than the higher of the Bank Deposit Rates and the PBOC Deposit Rates. From the review of the Ping An Loan Samples, it is noted that the interest rates in the Ping An Loan Samples were not higher than the interest rates in the Independent Loan Samples. Further, we made enquiry to and obtained confirmation from the Company that no financing factoring service had been utilized during the Historical Period. As such, no sample of financing factoring service was available for selection. Finally, we also made enquiry to and obtained confirmation from the Company that there was no change to the credit ratings of Ping An Bank during the Historical Period. As such, the pricing terms under the Existing Ping An Financial Services Framework Agreement were followed.

In view of the above, we are of the view that the terms of the deposit services as well as the loan services and the financing factoring services under the Renewed Ping An Financial Services Framework Agreement, which remain principally the same as those under the Existing Ping An Financial Services Framework Agreement, are fair and reasonable.

5. Analysis of internal control procedures

In order to protect the interests of the Shareholders, the Company will adopt the following internal control procedures and corporate governance measures in relation to its utilization of the financial services provided by Sinochem Finance and Ping An Member Companies:

- (i) The deposits will be placed by the Group with Sinochem Finance and Ping An Member Companies on a voluntary and non-exclusive basis. Before placing any deposit with Sinochem Finance and Ping An Member Companies, the Company will obtain and compare against at least two comparable interest rates of deposits of the same type and duration from independent commercial banks, and the benchmark deposit interest rates promulgated by the PBOC at the time of transaction;

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- (ii) Prior to the entering into of any agreements with respect to loans, credit facilities, factoring services or commercial insurance services by any member of the Group with Sinochem Finance and Ping An Member Companies, the Company will obtain at least two quotations for loans of the same duration, credit facilities of the same nature, factoring services of the same type or commercial insurances of the same insurance type (as the case may be) from independent financial institutions;
- (iii) The comparable interest rates of deposits from independent commercial banks and the benchmark deposit interest rates promulgated by the PBOC (for the placing of deposits), or the quotations from independent financial institutions (for the entering into of any agreements with respect to loans, credit facilities, factoring services or commercial insurance services), as the case may be, together with the terms offered by Sinochem Finance and Ping An Member Companies, will upon being obtained be submitted to the finance and other departments of the Company for review, to ensure that the terms offered by Sinochem Finance and Ping An Member Companies are in strict compliance with the terms and conditions (including the pricing terms) under the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement, respectively, and are no less favorable to the Group than those offered by independent financial institutions;
- (iv) For the entering into of any agreements with respect to loans, credit facilities, factoring services or commercial insurance services, following the review by the finance and other departments of the Company, the quotations from independent financial institutions and the offer from Sinochem Finance and Ping An Member Companies will be sent to the chief financial officer of the Company for review. The chief financial officer will seek approval from the chief executive officer of the Company on whether to accept the terms offered by Sinochem Finance and Ping An Member Companies as and when appropriate;
- (v) The Company will report to the independent non-executive Directors every year on:
 - (i) the implementation of the specific agreements entered into by the members of the Group pursuant to the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement, and the utilization rate of annual caps;
 - (ii) any change in the credit ratings of Sinochem Finance and Ping An Member Companies;
- (vi) The Company will monitor the status of its deposits, loans and other transactions with Sinochem Finance and Ping An Member Companies through the internet banking services provided by Sinochem Finance and Ping An Member Companies.

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To assess the above internal control procedures, we have randomly selected and obtained from the Company and reviewed:

- (i) three sets of the Group's internal approval records before placing deposit with Sinochem Finance during the Historical Period (the “**Sinochem Deposit Approval Records**”);
- (ii) three sets of the Group's internal approval records before obtaining loan from Sinochem Finance during the Historical Period (the “**Sinochem Loan Approval Records**”);
- (iii) three sets of the Group's internal approval records before placing deposit with Ping An during the Historical Period (the “**Ping An Deposit Approval Records**”); and
- (iv) three sets of the Group's internal approval records before obtaining loan from Ping An Bank during the Historical Period (the “**Ping An Loan Approval Records**”).

From the review of the Sinochem Deposit Approval Records and the Ping An Deposit Approval Records and our discussion with the Company, we understand that the Company would obtain and compare against at least two comparable interest rates of deposits of the same type and duration from independent commercial banks and the benchmark deposit interest rates promulgated by the PBOC at the time of transaction. As noted from the Sinochem Deposit Approval Records and the Ping An Deposit Approval Records, approvals from various departments, the chief financial officer and the chief executive officer of the Company were obtained before placing the deposit with Sinochem Finance and Ping An Bank respectively.

From the review of the Sinochem Loan Approval Records and the Ping An Loan Approval Records and our discussion with the Company, we understand that the Company would obtain at least two quotations for loans of the same duration from independent financial institutions. As noted from the Sinochem Loan Approval Records and the Ping An Loan Approval Records, quotations from independent financial institutions were obtained and approvals from various departments, the chief financial officer and the chief executive officer of the Company were sought before utilizing loan services provided by Sinochem Finance and Ping An Bank respectively.

As stated in the Letter from the Board, the Company will report to the independent non-executive Directors on a regular basis in relation to a summary of the specific agreements entered into by the members of the Group pursuant to the Renewed Sinochem Financial Services Framework Agreement and the Renewed Ping An Financial Services Framework Agreement. We made reference to the relevant disclosure under the paragraph headed “Confirmation of Independent Non-executive Directors” under the sub-section headed “II. Continuing Connected Transactions Approved or To Be Approved by Independent Shareholders” under the section headed “Report of the Directors” in the 2021 Annual Report and the 2020 Annual Report. It is noted from the opinions of the independent non-executive Directors that, among others, the transactions conducted under the Existing Sinochem Financial Services Framework Agreement and the Existing Ping An Financial Services Framework Agreement were in accordance with the corresponding terms.

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Based on the above, we are of the view that the internal control procedures as set out in the Letter from the Board have been complied with.

6. Maximum Daily Balance

6.1. Renewed Sinochem Financial Services Framework Agreement

Set out below are: (i) the maximum daily balance in respect of the deposit services under the Existing Sinochem Financial Services Framework Agreement for each year/period of the Historical Period; (ii) the maximum daily balance of deposits placed at Sinochem Finance during the Historical Period; (iii) the utilization of maximum daily balance of the deposit services under the Existing Sinochem Financial Services Framework Agreement during the Historical Period; (iv): the monetary balances of the Group as at 31 December 2021 and 30 June 2022 respectively; and (v) the maximum daily balance in respect of the deposit services under the Renewed Sinochem Financial Services Framework Agreement for FY2023, FY2024 and FY2025 (the “**Relevant Period**”) respectively.

	FY2020	FY2021	HY2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily balance of the deposit services under the Existing Sinochem Financial Services Framework Agreement	10,000	10,000	10,000
Maximum daily balance of deposits placed at Sinochem Finance	9,965	9,969	9,973
Utilization of maximum daily balance of the deposit services under the Existing Sinochem Financial Services Framework Agreement	99.7%	99.7%	99.7%
	As at	As at	
	31 December	30 June	
	2021	2022	
	<i>RMB million</i>	<i>RMB million</i>	
Monetary Balance (including cash and cash equivalents and restricted bank balances)		39,744	42,322

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	FY2023	FY2024	FY2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily balance of the deposit services under the Renewed Sinochem Financial Services Framework Agreement	10,000	10,000	10,000

6.2. Renewed Ping An Financial Services Framework Agreement

Deposit Services

Set out below are: (i) the maximum daily balance in respect of the deposit services under the Existing Ping An Financial Services Framework Agreement for each year/period of the Historical Period; (ii) the maximum daily balance of deposits placed at Ping An Bank during the Historical Period; (iii) the utilization of maximum daily balance of the deposit services under the Existing Ping An Financial Services Framework Agreement during the Historical Period; (iv) the monetary balance of the Group as at 31 December 2021 and 30 June 2022 respectively; and (v) the maximum daily balance in respect of the deposit services under the Renewed Ping An Financial Services Framework Agreement for each year during the Relevant Period.

	FY2020	FY2021	HY2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily balance of the deposit services under the Existing Ping An Financial Services Framework Agreement	8,000	8,000	8,000
Maximum daily balance of deposits placed at Ping An Bank	5,554	5,583	1,399
Utilization of maximum daily balance of the deposit services under the Existing Ping An Financial Services Framework Agreement	69.4%	69.8%	17.5%
	As at	As at	
	31 December	30 June	
	2021	2022	
	<i>RMB million</i>	<i>RMB million</i>	
Monetary Balance (including cash and cash equivalents and restricted bank balances)	39,744	42,322	

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	FY2023	FY2024	FY2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily balance of the deposit services under the Renewed Ping An Financial Services Framework Agreement	8,000	8,000	8,000

Loan Services

Set out below are: (i) the maximum daily balance of the loan services for each year/period of the Historical Period respectively; (ii) the total interest-bearing bank and other borrowings of the Group as at 31 December 2019, 2020 and 2021 respectively; and (iii) the maximum daily balance of the loan services for each year during the Relevant Period.

	FY2020	FY2021	HY2022
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily balance of the loan services under the Existing Ping An Financial Services Framework Agreement	10,000	10,000	10,000
Historical transaction amount	100	4,150	2,819
Utilization of maximum daily balance of the loan services under the Existing Ping An Financial Services Framework Agreement	1.0%	41.5%	28.2%

	As at 31 December		
	2019	2020	2021
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Interest-bearing bank and other borrowings	96,572	97,578	107,028

	FY2023	FY2024	FY2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily balance of the loan services under the Renewed Ping An Financial Services Framework Agreement	10,000	10,000	10,000

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Financing Factoring Services

Set out below is the maximum daily balance of the financing factoring services under the Renewed Ping An Financial Services Framework Agreement during the Relevant Period.

	FY2023	FY2024	FY2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum daily balance of the financing factoring services under the Renewed Ping An Financial Services Framework Agreement	3,000	3,000	3,000

6.3. Basis of determination of the maximum daily balance

As stated in the Letter from the Board, the Directors have taken into account the following principal factors in estimating the maximum daily balance of the deposits placed by the Group with Sinochem Finance and Ping An Member Companies:

- (i) the need for settlement of amounts payable by the members of the Group during ordinary course of business through their deposit accounts maintained with Sinochem Finance and Ping An Member Companies. Sinochem Finance and Ping An Member Companies do not charge the Group any service fees in respect of the settlement services provided. The Group can deposit a large amount of its funds with Sinochem Finance and Ping An Member Companies to utilize the settlement services free of charge;
- (ii) the strategies in respect of the treasury management of the Group. The Company monitors and takes measures to manage its cash balance from time to time, taking into consideration factors including, among others, the Company's dividend policy, working capital, business expansion and debt management needs. Placing cash deposits as savings into financial institutions (such as Sinochem Finance and Ping An Member Companies) is one of the options that may be adopted by the Company from time to time;
- (iii) the business development and financial needs of the Group. The total assets of the Group has increased from approximately RMB334,881.4 million as at 31 December 2019 to approximately RMB431,842.6 million as at 30 June 2022, an increase of approximately 29.0%, and the balance of monetary fund of the Group has increased from approximately RMB25,456.5 million as at 31 December 2019 to approximately RMB42,322.0 million as at 30 June 2022, an increase of approximately 66.3%. Along with the business growth of the Group, it is expected that the Group's demand for financial services (including the deposit services) will continue to rise;

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- (iv) the utilization of the maximum daily balance of the deposit services under the Existing Sinochem Financial Services Framework Agreement and the Existing Ping An Financial Services Framework Agreement. The historical maximum amount of the deposits placed by the Group with Sinochem Finance during the Historical Period represents an utilization rate of more than 99% of the maximum daily balance under the Existing Sinochem Financial Services Framework Agreement, and historical maximum amount of the deposits placed by the Group with Ping An Member Companies for FY 2020 and FY 2021 represents an utilization rate of approximately 70% of the maximum daily balance under the Existing Ping An Financial Services Framework Agreement; and
- (v) the Group will utilize the services of Sinochem Finance and Ping An Member Companies on a voluntary and non-exclusive basis and is not obliged to engage Sinochem Finance and Ping An Member Companies for any particular services. The maximum daily balance of the deposit services only represents the highest daily amount of deposits that the Group may place with Sinochem Finance and Ping An Member Companies and there are no obligations for the Group to deposit such amounts with Sinochem Finance and Ping An Member Companies. Setting the maximum daily balance of the deposits placed will enable the Group to have a greater flexibility in selecting deposit service providers and allocating its resources.

The Directors have taken into account the following principal factors in estimating the maximum daily balance of the loan services and the financing factoring services provided by Ping An Member Companies to the Group:

- (i) the balance of the interest-bearing bank and other borrowings of the Group as at 30 June 2022 was approximately RMB114,172 million. The aggregated maximum daily balance of the loan services and the financing factoring services of RMB13,000 million for each of the Relevant Period only accounted for approximately 11.4% of the balance of the interest-bearing bank and other borrowings of the Group as at 30 June 2022, which is considered to be a reasonable proportion and allocation among the Group's financial service providers. In addition, the maximum balance of the unreleased mortgage loans of the Group (which may form part of the accounts receivables to be transferred by the Group to Ping An Member Companies under the financing factoring services) during the past three years was over RMB12,800 million, which is more than four times of the amount of the maximum daily balance of the financing factoring services;
- (ii) real estate is a capital-intensive industry, and the Group needs funds for its future development. The Renewed Ping An Financial Services Framework Agreement has provided the Group with a source of financing that it can choose to use when it deems appropriate, which helps the Group to maintain initiative and flexibility in its development in the market that is in line with industry policies changing from time

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to time. Ping An Member Companies are high quality financial service providers in the market. The Group intends to obtain financing from Ping An Member Companies, so as to expand its financing channels and ensure the safety of its funding chain; and

- (iii) the maximum daily balance of the loan services and the financing factoring services only represents the highest daily amount of loans and factoring financing that the Group may obtain from Ping An Member Companies and there are no obligations for the Group to engage Ping An Member Companies for such services. Setting the maximum daily balance of the loan services and the financing factoring services will enable the Group to have a greater flexibility in selecting financial service providers.

6.4. Analysis of the maximum daily balance of the deposit services under the Renewed Sinochem Financial Services Framework Agreement

As noted from the Letter from the Board, the Group will continue to utilize the services of Sinochem Finance on a voluntary and non-exclusive basis and is not obliged to engage Sinochem Finance for any particular services, including the deposit services under the Renewed Sinochem Financial Services Framework Agreement.

In assessing the fairness and reasonableness of the maximum daily balance of the deposit services under the Renewed Sinochem Financial Services Framework Agreement, we have taken into account the following factors:

- (i) as disclosed above, the maximum daily balance of deposits placed at Sinochem Finance was over RMB9,965 million during the Historical Period, representing almost a full utilization of more than 99.0% of the Maximum Daily Balance of the deposit services under the Existing Sinochem Financial Services Framework Agreement throughout the Historical Period;
- (ii) in view of the maximum daily balance of the deposit services under the Existing Sinochem Financial Services Framework Agreement was almost fully utilized, the maximum daily balance of the deposit services under the Renewed Sinochem Financial Services Framework Agreement throughout the Relevant Period remain unchanged at RMB10,000 million; and
- (iii) as stated in the Letter from the Board/above, the monetary balance of the Group amounted to approximately RMB42,322 million as at 30 June 2022 which was more than four times of the amount of the maximum daily balance of the deposit services under the Renewed Sinochem Financial Services Framework Agreement.

Haven taking into account of the above, we are of the view that the maximum daily balance of the deposit services under the Renewed Sinochem Financial Services Framework Agreement remains unchanged is fair and reasonable.

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6.5. Analysis of the maximum daily balance of the deposit services as well as the loan services and the financing factoring services under the Renewed Ping An Financial Services Framework Agreement

Deposit Services

In assessing the fairness and reasonableness of the maximum daily balance of the deposit services under the Renewed Ping An Financial Services Framework Agreement, we have taken into account the following factors:

- (i) as disclosed above, the maximum daily balance of deposits placed at Ping An was over RMB5,550 million for FY2020 and FY2021, representing a high utilization of approximately 70% of the maximum daily balance of the deposit services under the Existing Ping An Financial Services Framework Agreement for FY2020 and FY2021;
- (ii) as noted from the above, although the maximum daily balance of deposits placed at Ping An Bank was approximately RMB1,399 million for HY2022, representing an utilization of approximately 17.5% of the maximum daily balance of the deposit services under the Existing Ping An Financial Services Framework Agreement for HY2022, the maximum daily balance only represents the highest daily amount of deposits that the Group may place with Ping An Bank and there are no obligations for the Group to deposit such amounts with Ping An Bank;
- (iii) in view of the utilization of the maximum daily balance of the deposit services under the Existing Ping An Financial Services Framework Agreement for FY2020 and FY2021 were relatively high, the maximum daily balance of the deposit services under the Renewed Ping An Financial Services Framework Agreement throughout the Relevant Period remain unchanged at RMB8,000 million; and
- (iv) as mentioned above, the monetary balance of the Group amounted to approximately RMB42,322 million as at 30 June 2022, which was more than five times of the amount of the maximum daily balance of the deposit services under the Renewed Ping An Financial Services Framework Agreement.

Haven taking into account of the above, we are of the view that the maximum daily balance of the deposit services under the Renewed Ping An Financial Services Framework Agreement remains unchanged is fair and reasonable.

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Loan Services

In assessing the fairness and reasonableness of the maximum daily balance of the loan services under the Renewed Ping An Financial Services Framework Agreement, we have taken into account the following factors:

- (i) as shown in the 2022 Interim Report and the 2021 Annual Report, the total interest-bearing bank and other borrowings of the Group increased from approximately RMB97,578.3 million as at 31 December 2020 to approximately RMB107,028.1 million as at 31 December 2021 and further increased to approximately RMB114,172.4 million as at 30 June 2022 which was more than 11 times of the amount of the maximum daily balance of the loan services;
- (ii) we also noted in the 2022 Interim Report that bank loans were one of the primary resources for the Group to finance its liquidity and capital expenditures requirements;
- (iii) the maximum daily balance of the loan services under the Renewed Ping An Financial Services Framework Agreement remains unchanged at RMB10,000 million; and
- (iv) it is noted that the utilization of maximum daily balance of the loan services under the Existing Ping An Financial Services Framework Agreement ranged from approximately 1.0% to approximately 41.5% during the Historical Period was relatively low which evidenced that the Group utilized the services of Ping An Member Companies on a voluntary and non-exclusive basis and was not obliged to engage Ping An Member Companies for any particular services.

Haven taking into account of the above, we are of the view that the maximum daily balance of the loan services under the Renewed Ping An Financial Services Framework Agreement remains unchanged is fair and reasonable.

Financing Factoring Services

In assessing the fairness and reasonableness of the maximum daily balance of the financing factoring services under the Renewed Ping An Financial Services Framework Agreement, we have taken into account the following factors:

- (i) it is noted that the Group did not utilize any financing factoring services under the Existing Ping An Financial Services Framework Agreement during the Historical Period and we have made enquiry to and understand from the Company that the financing factoring services serves as a contingent financing resource for the Group;

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- (ii) as stated in the Letter the Board that the Renewed Ping An Financial Services Framework Agreement provides the Group with a source of financing that it can choose to use when it deems appropriate which helps the Group to maintain initiative and flexibility in its market development as real estate is a capital-intensive industry and industry policies change from time to time;
- (iii) it is noted from the 2022 Interim Report that different markets in the real estate industry such as the regional office market, the retail operations leasing market and the hotel market were affected by the COVID-19 pandemic and the Group expanded a variety of financing channels which is perceived as a direction to increase the flexibility of the Group's treasury planning and reduce the reliance on a single financing channel;
- (iv) as stated in the Letter from the Board, the maximum balance of the unreleased mortgage loans during the past three years was over RMB12,800 million which was more than four times of the amount of the maximum daily balance of the financing factoring services under the Renewed Ping An Financial Services Framework Agreement; and
- (v) the maximum daily balance of the financing factoring services under the Renewed Ping An Financial Services Framework Agreement remains unchanged at RMB3,000 million.

Haven taking into account of the above, we are of the view that the maximum daily balance of the financing factoring services under the Renewed Ping An Financial Services Framework Agreement remains unchanged is fair and reasonable.

OPINION AND RECOMMENDATION

In view of the above principal factors and reasons, we considered that:

- (i) the entering into of the Renewed Sinochem Financial Services Framework Agreement and Renewed Ping An Financial Services Framework Agreement are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and
- (ii) the terms of the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement and the terms of the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

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We, therefore, recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the EGM in relation to the deposit services (including the maximum daily balance) under the Renewed Sinochem Financial Services Framework Agreement, and the deposit services (including the maximum daily balance) as well as the loan services and the financing factoring services (including the aggregate maximum daily balance) under the Renewed Ping An Financial Services Framework Agreement.

Yours faithfully,
For and on behalf of
Opus Capital Limited
Cheung On Kit Andrew
Executive Director

Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 14 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

* *English name for identification purposes only.*

FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2019, 2020 and 2021, and the six months ended 30 June 2022 are disclosed in the following documents which have been published on the HKExnews website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.chinajinmao.cn):

- the annual report for year ended 31 December 2019 published on 17 April 2020 (pages 162 to 287) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0417/2020041701492.pdf>);
- the annual report for year ended 31 December 2020 published on 16 April 2021 (pages 168 to 311) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0416/2021041601243.pdf>);
- the annual report for year ended 31 December 2021 published on 21 April 2022 (pages 172 to 315) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042101886.pdf>); and
- the interim report for the six months ended 30 June 2022 published on 15 September 2022 (pages 64 to 121) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0915/2022091501497.pdf>).

INDEBTEDNESS

At the close of business on 31 October 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular, the Group had outstanding (i) corporate bonds and notes of approximately RMB33,511 million, all of which are unguaranteed and unsecured; and (ii) bank and other borrowings of approximately RMB93,930 million, of which approximately RMB31,782 million were unguaranteed and secured by mortgages over the Group's assets, including, property, plant and equipment, properties under development, properties held for sale, investment properties and trade receivables, and the rest were unguaranteed and unsecured. In addition, the Group had provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties of approximately RMB32,553 million. The Group also provided guarantees for an associate, in proportion to its 29.9% equity interest therein, in respect of certain notes issued by the associate with an aggregate principal amount of US\$66 million (equivalent to approximately RMB474 million), and the aggregate amount of guarantees provided by the Group was approximately US\$20 million (equivalent to approximately RMB142 million).

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 October 2022 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's cash and cash equivalents on hand, financial resources available to the Group and cash generated from future operations, the Group has sufficient working capital to satisfy its requirements for at least the next twelve months following the date of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In the first half of 2022, the PRC central government focused on stabilizing the real estate market and continued to release positive signals. Despite city-specific policies being introduced in different regions to stimulate the market, it would take time to reap the result of the policies. In the first half of 2022, the sales amount of commodity housing across the nation decreased by 28.9% year-on-year, and the overall performance of the industry remained sluggish. Facing a severe economic landscape externally, the Group overcame difficulties and achieved a contracted sales amount of RMB69.9 billion, ranking 11th in terms of contracted sales in the market. For the six months ended 30 June 2022, the profit attributable to owners of the parent amounted to RMB2,571 million, representing a year-on-year decrease of 40%. Excluding fair value gains on investment properties (net of deferred tax), the profit attributable to owners of the parent amounted to RMB2,570 million, representing a year-on-year decrease of 26%. For further details, please refer to the interim report of the Company for the six months ended 30 June 2022.

Looking forward, the global pandemic will continue, alongside with increasingly complex, severe and uncertain external environment. However, China's economy has strong resilience, and the fundamentals of long-term development remain unchanged. For the real estate industry, under the PRC central government's key tone that "houses are for living but not for speculation", the industry development will become stabilized. Meanwhile, the national strategies of new urbanization development and double carbon will usher in more opportunities for the industry development and innovation transformation. In the future, the Group will continue to adhere to its "city operator" positioning, uphold the philosophy of "In Science We Trust", pay close attention to quality and efficiency improvement, so as to realize the transformation from conventional development model to innovation-driven model, and from scale-oriented development to market value-oriented and profit-oriented development.

In terms of business strategy, the Group will focus on increasing sales proceeds and adhere to the strategy of "city-based policy" and "selling as much as possible". The Group will continue to implement the full-cycle city operation and execution system, and introduce supporting resources for core industries such as education, technology and health. By adhering

to the principle of “prioritizing quality over quantity”, the Group will seek to acquire high-quality land parcels, and focuses on first- and second-tier cities and projects with high profitability. With respect to its hotel operations, the Group has officially released the product manual for its five major hotel brands, namely Jinmao Jiayue, Jinmao Chengyue, Jinmao Purelax, Jinmao Yinyi and Jinmao Tianyue, and will give full play to its brand and management advantages, adhere to the asset-light development path, and enhance its brand influence. With respect to the commercial leasing and retail operations, as all office premises held by the Group are situated at the prime locations or in new town cities with favorable geographical locations, the occupancy rate of the office premises has remained high. Further, the Company will continue to provide high quality commercial experience and exquisite high-end living services for customers.

In terms of quality and efficiency improvement, the Group will emphasize lean construction and quality delivery to ensure that all key nodes of projects are achieved and the quality and service guarantee mechanism is implemented. The Group will fully implement the “customer-centered” concept, improve customer satisfaction and loyalty, build a comprehensive membership system among business lines, and consolidate the leading position of its products and brands in the industry.

In terms of mechanism transformation, the Group will focus on mechanism innovation, continue to stimulate team vitality, optimize the organizational management mechanism and staffing plan, timely adjust its authorization mechanism, performance evaluation and other management systems, and continuously improve its decision-making ability and management efficiency.

1. RESPONSIBILITY OF THE DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company or their respective associates had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules:

Interests in the Shares or underlying shares of the Company

Name of Director	Capacity	No. of Shares Held	No. of underlying shares held (Note 1)	Percentage of issued share capital of the Company (Note 2)
Mr. LI Congrui	Beneficial owner	5,000,000 (Long Position)	3,500,000 (Long Position)	0.064%
Mr. JIANG Nan	Beneficial owner	4,100,000 (Long Position)	3,500,000 (Long Position)	0.057%
Mr. SONG Liuyi	Beneficial owner	3,500,000 (Long Position)	3,500,000 (Long Position)	0.053%

Note 1: This refers to underlying shares covered by share options granted, such options being unlisted physically settled equity derivatives.

Note 2: This represents the percentage of the aggregate long positions in Shares and underlying shares to the total number of issued Shares of the Company as at the Latest Practicable Date.

Interests in the shares or underlying shares of the associated corporations of the Company

Name of Director	Capacity	Name of associated corporation (Note 1)	No. of share held	Percentage of issued share capital (Note 2)
Mr. LI Congrui	Beneficial owner	Jinmao Property Services Co., Limited	60,423 (Long Position)	0.007%
Mr. JIANG Nan	Beneficial owner	Jinmao Property Services Co., Limited	54,380 (Long Position)	0.006%
Mr. SONG Liuyi	Beneficial owner	Jinmao Property Services Co., Limited	45,317 (Long Position)	0.005%

Note 1: As at the Latest Practicable Date, the Company held approximately 67.28% of the shares of Jinmao Property Services Co., Limited. As such, Jinmao Property Services Co., Limited is an associated corporation of the Company within the meaning of Part XV of the SFO.

Note 2: This represents the percentage of the long positions in shares to the total number of issued shares of Jinmao Property Services Co., Limited as at the Latest Practicable Date.

(b) Substantial shareholders' interests

Save as disclosed below, as at the Latest Practicable Date, so far as is known to the Directors, there was no other person (other than the Directors and chief executives of the Company) who had any interest or short position in the Shares or underlying shares of the Company which (i) were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or (ii) were required, pursuant to section 336 of the SFO, to be recorded in the register of the Company referred to therein, or (iii) had already been notified to the Company and the Stock Exchange:

Name of substantial shareholder	Long/short position	Capacity/nature of interests	No. of Shares Held	Percentage of issued share capital of the Company
Sinochem Hong Kong	Long position	Beneficial owner	4,847,142,832	36.40%
Sinochem Corporation	Long position	Interest of controlled corporation (Note 1)	4,847,142,832	36.40%

Name of substantial shareholder	Long/short position	Capacity/nature of interests	No. of Shares Held	Percentage of issued share capital of the Company
Sinochem Group Co., Ltd. (“ Sinochem Group ”)	Long position	Interest of controlled corporation (Note 1)	4,847,142,832	36.40%
Sinochem Holdings	Long position	Interest of controlled corporation (Note 1)	4,847,142,832	36.40%
Ping An Life	Long position	Beneficial owner	1,787,077,435	13.42%
Ping An	Long position	Interest of controlled corporation (Note 2)	1,792,272,565	13.46%
New China Life Insurance Company Ltd.	Long position	Beneficial owner	1,234,475,137	9.30%
	Long position	Interest of controlled corporation (Note 3)	3,150,000	0.00%
UBS Group AG	Long position	Interest of controlled corporation (Note 4)	788,719,520	5.92%

Note 1: Sinochem Holdings holds the entire equity interest in Sinochem Group, which in turn holds the entire equity interest in Sinochem Corporation. Sinochem Corporation holds the entire equity interest in Sinochem Hong Kong. For the purpose of the SFO, Sinochem Holdings, Sinochem Group and Sinochem Corporation are all deemed to be interested in the Shares beneficially owned by Sinochem Hong Kong.

Note 2: Ping An holds 99.51% equity interest in Ping An Life and the entire equity interest in Ping An of China Asset Management (Hong Kong) Company Limited. For the purpose of the SFO, Ping An is deemed to be interested in 1,787,077,435 Shares beneficially owned by Ping An Life and 5,195,130 Shares owned by Ping An of China Asset Management (Hong Kong) Company Limited as investment manager.

Note 3: New China Life Insurance Company Ltd. controls a chain of corporations including New China Asset Management Company Limited, New China Asset Management (Hong Kong) Limited, New China Capital International Management Limited and New China Capital Management Limited. For the purpose of the SFO, New China Life Insurance Company Ltd. is deemed to be interested in 3,150,000 Shares beneficially owned by New China Capital Management Limited.

Note 4: UBS Group AG is deemed to have interests in the Shares held by UBS AG, UBS Switzerland AG, UBS Asset Management (Shanghai) Limited, UBS Asset Management (Americas) Inc., UBS Asset Management (Australia) Ltd, UBS Fund Management (Luxembourg) S.A., UBS Asset Management (Deutschland) GmbH, UBS Asset Management (Hong Kong) Ltd, UBS Asset Management (Singapore) Ltd, UBS Asset Management Life Ltd, UBS Fund Management (Switzerland) AG, UBS Asset Management Switzerland AG, UBS Asset Management (UK) Limited and UBS O’Connor LLC, and such companies are subsidiaries of UBS Group AG.

Note 5: On 6 August 2019, Sinochem Hong Kong delivered 1,787,077,435 Shares to Ping An Life pursuant to a placing and subscription agreement dated 26 July 2019. Ping An Life is granted a pre-emptive right to off-market transfers and is thus deemed to be interested in the Shares held by Sinochem Hong Kong by virtue of s.317 of the SFO, and Sinochem Hong Kong is deemed to be interested in the Shares held by Ping An Life by virtue of s.317 of the SFO.

3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, the following Directors are also employees of a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of substantial shareholder of the Company	Position in the substantial shareholder of the Company
Mr. LI Fanrong	Sinochem Holdings	Chairman of the board of directors and general manager
Mr. LI Fuli	Sinochem Holdings	Chief accountant and deputy general manager
Mr. CHENG Yong	Sinochem Holdings	Director of the human resources department
	Sinochem Group	Deputy director of the human resources department
Mr. CHEN Chuan	Ping An	Managing director of the asset management center

4. MATERIAL ADVERSE CHANGES

As disclosed in the Company's interim report, for the six months ended 30 June 2022, (i) the profit attributable to owners of the parent amounted to RMB2,571 million, representing a year-on-year decrease of 40%, and (ii) excluding fair value gains on investment properties (net of deferred tax), the profit attributable to owners of the parent amounted to RMB2,570 million, representing a year-on-year decrease of 26%. Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them or any of their close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosed under the Listing Rules.

7. OTHER ARRANGEMENTS INVOLVING DIRECTORS

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2021 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinions or advice, which are contained or referred to in this circular:

Name	Qualifications
Opus Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, the Independent Financial Adviser

As at the Latest Practicable date, Opus Capital:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 7 December 2022 and references to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2021 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, have been entered into by members of the Group, within the two years preceding the Latest Practicable Date and are or may be material:

- (a) a cooperative development agreement was entered into among Guangzhou Jinmao Properties Co., Ltd. (廣州金茂置業有限公司, “**Guangzhou Jinmao**”, an indirect wholly-owned subsidiary of the Company), Guangzhou Vanke Enterprise Co., Ltd. (廣州萬科企業有限公司) and Guangzhou Wanzhi Real Estate Co., Ltd. (廣州市萬致房地產有限公司, “**Guangzhou Wanzhi**”) on 11 March 2021, pursuant to which Guangzhou Jinmao agreed to acquire 49% equity interests in Guangzhou Wanzhi by making a capital injection of RMB3,090,430,000 to Guangzhou Wanzhi (for further details, please refer to the announcement of the Company dated 11 March 2021);
- (b) (i) a sale and purchase agreement was entered into among the Company, Profit East Limited (利東有限公司, “**Profit East**”), Ms. Zhao Ying (趙穎女士, “**Ms. Zhao**”) and Mr. Wang Jian Jun (王建軍先生, “**Mr. Wang**”) on 28 June 2021, pursuant to which the Company agreed to purchase from Profit East 493,720,010 shares of China VAST Industrial Urban Development Company Limited (中國宏泰產業市鎮發展有限公司, “**China VAST**”), representing approximately 29.90% of the total number of issued shares of China VAST, for HK\$3.00 per share, and (ii) a subscription agreement was entered into among the Company, China VAST, Ms. Zhao and Mr. Wang on 28 June 2021, pursuant to which the Company agreed to subscribe for the 6% guaranteed convertible bonds issued by China VAST in the principal amount of US\$123,275,892 (for further details, please refer to the announcements of the Company dated 28 June 2021 and 16 July 2021);
- (c) a cooperation agreement was entered into among Jin Mao Northern Enterprises Management (Tianjin) Company Limited (金茂北方企業管理(天津)有限公司, “**Jin Mao Northern**”, an indirect wholly-owned subsidiary of the Company), Beijing Ningcheng Real Estate Co., Ltd. (北京寧誠置業有限公司, “**Ningcheng Real Estate**”) and Beijing Chaoyi Real Estate Development Co., Ltd. (北京朝意房地產開發有限公司, “**Beijing Chaoyi**”) on 10 September 2021, pursuant to which Jin Mao Northern agreed to acquire from Ningcheng Real Estate its 30% equity interests in Beijing Chaoyi, and make a capital injection of RMB1,080,000,000 and provide shareholder’s loans of no more than RMB2,160,000,000 to Beijing Chaoyi (for further details, please refer to the announcement of Company dated 10 September 2021);
- (d) (i) an equity transfer agreement was entered into between Tianjin Donghui Industrial Co., Ltd. (天津東輝產創有限公司, “**Tianjin Donghui**”, a wholly-owned subsidiary of the Company) and Qingdao Qingyuehui Real Estate Co., Ltd. (青島青悅匯置業有限公司, “**Qingdao Qingyuehui**”) on 10 November 2021, pursuant to which Tianjin Donghui agreed to sell its 90% equity interests in Qingdao Fangjia Properties Limited (青島方嘉置業有限公司, “**Qingdao Fangjia**”) to Qingdao Qingyuehui at a

consideration of RMB2,427,688,260, and (ii) a cooperation agreement was entered into among the Company, Qingdao Qingyuehui, Qingdao Qingte Property Co., Ltd. (青島青特置業有限公司) and Qingdao Fangjia on 16 November 2021 to regulate the rights and obligations of the shareholders of Qingdao Fangjia upon completion of the above transaction (for further details, please refer to the announcement of Company dated 16 November 2021);

- (e) (i) an irrevocable undertaking was given by China VAST in favor of the Company on 9 June 2022 pursuant to which, among other things, China VAST undertook to put forward the scheme of arrangement for the implementation of the proposed privatization of China VAST by China Jinmao to the shareholders of China VAST, (ii) an irrevocable undertaking was entered into between the Company and the controlling shareholders of China VAST (being Profit East, Tai Shing International Investment Company Limited and Ms. Zhao) on 9 June 2022 and amended on 17 October 2022 in relation to further arrangements of the above proposal, and (iii) additional irrevocable undertakings were entered into between the Company and Chance Talent Management Limited on 12 October 2022 and between the Company and Celestial Ocean Investments Limited on 25 October 2022 in relation to further arrangements of the above proposal (for further details, please refer to the announcements of the Company dated 9 June 2022, 30 June 2022, 29 July 2022, 29 August 2022, 29 September 2022, 12 October 2022, 17 October 2022, 25 October 2022, 31 October 2022 and 23 November 2022);
- (f) a joint development agreement was entered into between Tianjin Northern Demao Properties Company Limited (天津北方德茂置業有限公司, “**Northern Demao**”, an indirect wholly-owned subsidiary of the Company) and Beijing Capital Development Co., Ltd. (北京首都開發股份有限公司, “**BCDH**”) on 22 June 2022, pursuant to which Northern Demao agreed to provide BCDH and Beijing Zhimao Real Estate Development Co., Ltd. (北京志茂房地產開發有限公司, “**Beijing Zhimao**”) with a loan in the form of earnest money in an aggregate amount of not exceeding RMB2,166,780,000 at an interest rate of 5.3% per annum (for further details, please refer to the announcement of the Company dated 22 June 2022);
- (g) the listing-for-sale contracts were entered into between Jinmao Huadong Enterprises Management Co., Ltd. (金茂華東企業管理有限公司, “**Jinmao Huadong**”, an indirect wholly-owned subsidiary of the Company) and Ningbo Ningnan Xincheng Development Investment Co., Ltd. (寧波寧南新城開發投資有限公司, “**Ningnan Development**”) on 11 July 2022, pursuant to which Jinmao Huadong agreed to acquire from Ningnan Development the entire equity interests and creditor’s rights in Ningbo Yongyun Real Estate Development Co., Ltd. (寧波甬雲房地產開發有限公司) and Ningbo Yonghuan Real Estate Development Co., Ltd. (寧波甬煥房地產開發有限公司) at a total consideration of RMB3,735,651,247.62 (for further details, please refer to the the announcement of the Company dated 11 July 2022); and

- (h) a letter of guarantee issued by Shanghai Jinmao Investment Management Group Co., Ltd. (上海金茂投資管理集團有限公司, “**Shanghai Jinmao**”, a wholly-owned subsidiary of the Company) and China Resources Land Holdings Company Limited (華潤置地控股有限公司, “**CR Land Holdings**”) to Great Wall Wealth Insurance Asset Management Co., Ltd. (長城財富保險資產管理股份有限公司, “**Great Wall Wealth**”) on 15 November 2022, pursuant to which Shanghai Jinmao and CR Land Holdings agreed to provide guarantees to Great Wall Wealth with respect to the debts of Nanjing Runmao Property Development Co., Ltd. (南京潤茂置業有限公司, “**Nanjing Runmao**”) with a principal amount of RMB4,000,000,000, provided that Shanghai Jinmao shall provide the guarantee with respect to 27.5% of the debts of Nanjing Runmao, and CR Land Holdings shall provide the guarantee with respect to the remaining 72.5% of the debts of Nanjing Runmao (for further details, please refer to the announcement of the Company dated 15 November 2022).

10. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any litigation or claim of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against the Group.

11. MISCELLANEOUS

- (a) The secretary of the Company is Mr. LIAO Chi Chiun. Mr. LIAO earned a Bachelor of Arts (Honours) degree in accounting from De Montfort University, England in 1995 and is a fellow member of the Association of Chartered Certified Accountants and also an associate member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Rooms 4702-03, 47th Floor Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.
- (c) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

12. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the HKExnews website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.chinajinmao.cn) from the date of this circular up to and including the date of the EGM:

- (a) the Renewed Sinochem Financial Services Framework Agreement;
- (b) the Renewed Ping An Financial Services Framework Agreement;
- (c) the letter of advice from Opus Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 29 to 58 of this circular; and
- (d) the written consent referred to in the section headed “Expert and Consent” in this appendix.

NOTICE OF EGM



China Jinmao Holdings Group Limited

中國金茂控股集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00817)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of China Jinmao Holdings Group Limited (the “Company”) will be held at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong on Friday, 23 December 2022 at 10:00 a.m. or any adjournment thereof to consider and, if thought fit, pass the following resolutions as ordinary resolutions (with or without modifications):

ORDINARY RESOLUTIONS

1. “THAT:

- (a) the deposit services (including the maximum daily balance) contemplated under the Renewed Sinochem Financial Services Framework Agreement (as defined and described in the circular to the shareholders of the Company dated 7 December 2022 (the “Circular”), a copy of which has been produced to the EGM marked “A” and initialled by the Chairman of the EGM for the purpose of identification) be and are hereby approved, confirmed and ratified;
- (b) any director of the Company be and is authorized to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the deposit services contemplated under the Renewed Sinochem Financial Services Framework Agreement, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the such director, in the interests of the Company and its shareholders as a whole.”

NOTICE OF EGM

2. “THAT:

- (a) the deposit services (including the maximum daily balance) contemplated under the Renewed Ping An Financial Services Framework Agreement (as defined and described in the Circular, a copy of which has been produced to the EGM marked “B” and initialled by the Chairman of the EGM for the purpose of identification) be and are hereby approved, confirmed and ratified;
- (b) the loan services (including the maximum daily balance) contemplated under the Renewed Ping An Financial Services Framework Agreement be and are hereby approved, confirmed and ratified;
- (c) the financing factoring services (including the maximum daily balance) contemplated under the Renewed Ping An Financial Services Framework Agreement be and are hereby approved, confirmed and ratified;
- (d) any director of the Company be and is authorized to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the deposit services, the loan services and/or the financing factoring services contemplated under the Renewed Ping An Financial Services Framework Agreement, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the such director, in the interests of the Company and its shareholders as a whole.”

By order of the Board
China Jinmao Holdings Group Limited
LI Fanrong
Chairman

Hong Kong, 7 December 2022

NOTICE OF EGM

Notes:

- (1) The register of members of the Company will be closed from Tuesday, 20 December 2022 to Friday, 23 December 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to attend and vote at the EGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 19 December 2022.
- (2) Any member entitled to attend and vote at the EGM or any adjournment thereof convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (3) In case of joint holders of any share, any one of such joint holders may vote at the EGM or any adjournment thereof, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the EGM in person or by proxy, then one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- (4) In order to be valid, the form of proxy completed in accordance with the instructions printed thereon, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of that power or authority) must be deposited at the share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the EGM or any adjournment thereof.
- (5) Completion and return of the form of proxy will not preclude members from attending and voting in person at the EGM should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (6) If typhoon signal no. 8 or above remains hoisted or a black rainstorm warning signal or "extreme conditions caused by a super typhoon" announced by the Government of Hong Kong is in force at 8:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on the Company's website at www.chinajinmao.cn and the HKExnews website at www.hkexnews.hk to notify shareholders of the date, time and place of the rescheduled meeting.

As at the date of this notice, the Directors of the Company are Mr. LI Fanrong (Chairman), Mr. LI Fuli, Mr. AN Hongjun, Mr. CHENG Yong and Mr. CHEN Chuan as Non-executive Directors; Mr. LI Congrui, Mr. JIANG Nan and Mr. SONG Liuyi as Executive Directors; Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei as Independent Non-executive Directors.